

The American Journal of ECONOMICS *and* SOCIOLOGY

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Published QUARTERLY under grant from the Robert Schalkenbach Foundation in the interest of constructive synthesis in the social sciences.

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The Centenary of the *Communist Manifesto*

By FRANCIS NEILSON

IT IS ONE HUNDRED YEARS since Karl Marx and Frederick Engels were deputed to draw up a party program for the Communist League. They set to work upon this task at a time when Europe was experiencing one of her most serious political and industrial crises. The conditions in nearly every channel of activity in her principal States were shocking enough but, so far as the workers in industry were concerned, matters were near the breaking point. No two men ever grappled with a problem with more hope of success than Marx and Engels. The signs of victory for the cause they represented were in the air, and during the preceding year, when the Congress of the League had met in London, the signals of a triumph for the proletariat were many.

The Condition of Europe in 1848

IT IS VERY DIFFICULT for the student of this generation to picture the deepening distresses of that day, and those who read the *Communist Manifesto* and cast it aside as a frothy

document scarcely worth reading do so because their minds are fixed upon entirely different industrial and social conditions—so different, indeed, that those with which Marx and Engels had to deal seem absurd. Yet, if one desires to understand what actuated these men, it is necessary to turn to the history of Europe as it recounts the story from the time of the French Revolution until the failure of the upheaval of 1848. There are many excellent works that deal with this period.

It is sometimes claimed that the Manifesto was responsible for the insurrection in Paris of June, one hundred years ago. Others have imagined that its appeal brought forth the revolutionary uprisings that afflicted Germany and Austria. That it had a great effect, no one can deny, but the sore which ailed Europe had been festering for generations before Marx and Engels were born. However, the Manifesto's influence was short lived, and all the hopes that had been raised by the clashes in European States were frittered away within a twelvemonth and conditions lapsed back again to something like their old cruel standard.

It is impossible to know what these conditions were and at the same time condemn the authors, as many did, for describing the turmoil of affairs which existed merely in their imaginative minds. One has only to read the great speeches of Cobden delivered in the House of Commons and in the country to find all the material he needs on the severity of the distress in England itself. Any reasonable person will be convinced that Marx and Engels did not exaggerate the gravity of the industrial crises.

England, however, was very little affected by the revolution of 1848. The Chartists made a demonstration in February and were determined to carry a petition to Westminster containing the famous six points, two of which were manhood suffrage and annual Parliaments. But this came to nothing,

for special constables were called out and the petition was sent to the House of Commons in a cab.

Let us grant, then, that Marx and Engels had sufficient political and industrial reasons for calling a revolt. In every important State in Europe after Waterloo there were to be found men as earnest as Marx and Engels crying for reform; some of them, indeed, went much further and aided the revolutionary movements. A writer in *The Times* (London), December 31, 1947, reminds us that de Tocqueville, in the French Chamber, in January, 1848, asked: "Can you at this very moment count upon to-morrow? Have you the smallest idea of what a year, a month, even a day may bring forth?"¹ The author of "Democracy in America" was no firebrand, but his words are fraught with warning. He knew the time had come when something must break or the people sink lower in their distress. The penury of great masses of the workers could no longer be endured, and those who rose against the evils of the time imagined that the overthrow of the governments in favor of a system of Communism was the only change that could be effective. This explains why the Manifesto began with these sentences:

A spectre is haunting Europe—the spectre of Communism. All the powers of old Europe have entered into a holy alliance to exorcise this spectre; Pope and Czar, Metternich and Guizot, French Radicals and German police-spies. . . .

Communism is already acknowledged by all European Powers to be itself a Power.²

It is not easy for the student of today to grasp the significance of this astonishing declaration; therefore, it is necessary to present a picture of what actually took place in Europe at the time. I cannot describe, within the compass of an article,

¹ "A Hundred Years Ago," p. 5.

² The edition of the *Communist Manifesto* used for this article is the authorized English translation, edited and annotated by Frederick Engels, published in Chicago by Charles H. Kerr & Company, 1888. Preface, p. 3.

the affairs of her people that it was not to be wondered why the appeal of the Manifesto fell flat. The Corn Laws had been abolished and were followed by successive budgets remitting duties that fell heavily upon the working classes. The purchasing power of the shilling rose, and long before Engels wrote his new preface to the Manifesto, the props had been knocked from under many of the ideas its authors held. The amazing leap forward that Great Britain made during the sixties and seventies (in spite of three severe trade depressions) indicated clearly to the working classes that taxation was a fine upon effort and that it was responsible for much of the penury of the artisans and the dislocation of trade and commerce.

But evil conditions were not abolished. The consequences of land monopoly were evident everywhere. Nevertheless, the improvement that was made was so patent to everybody that Tory and Liberal governments vied with each other in offering further and far greater reforms. Indeed, the change was so far-reaching that in 1867 the Tory party dished the Whigs and extended the franchise. Later, in the eighties, the agricultural laborer was admitted to the electorate.

The long, arduous fight for factory reform at length brought about beneficent changes. The formation of the co-operative societies of the workers was a development that had never been foreseen by Marx and Engels, and the success of these ventures would have been hard for them to explain. Whether the executives of the Wholesale Co-operative were to be classified as bourgeois capitalists and the shareholders who drew their dividends as proletarians, no one could say.

The story of the rise of the co-operative societies is a signal instance of what the so-called proletarians can do once they determine to better themselves. Alice Stopford Green, in the Epilogue to her husband's great work, "A Short History

of the English People," gives a brief sketch of the success of this venture that was not begun by bourgeois capitalists:

... The Co-operative Wholesale Society, originated by a little group of artisans who met in Manchester over a "sixpenny tea," expanded during the next fifty years into a commercial enterprise exceeding any effort of private capitalism in its continuous success. Beginning with 24,000 members, it was in nine years serving 100,000 families; had started its own banking department which has now an annual turnover of nearly £20,000,000, and opened a boot factory with a present annual manufacture of nearly £8,000,000. It now manages five of the largest flour mills, and one of the largest tobacco factories; owns agricultural land in England and tea plantations in Ceylon: and is said to buy goods—and this for cash—at the rate of something like a thousand pounds in every minute of the working year. A scheme to protect the savings of the poor was inaugurated by Gladstone in the Post-Office Savings Banks, in which a fifth of the whole population now invest their economies: he also made it for the first time possible for the working-classes to acquire small annuities without risk of fraud or bankruptcy.⁶

This achievement could not have been realized if it had not been for the system of free trade which was ridiculed by Marx. Without a revolution, during the sixties and seventies, vast numbers of the British working people solved many of the problems that had distressed their forefathers. Of course everything had to be wrested from government, but the granting of the franchise in those days made the political powers recognize many of the important claims of the electorate, and all this was done by the so-called proletarians with no assistance from the Communists.

The Manifesto is sheer assertion from beginning to end—mere statement made by men who were far removed from the people they would liberate from the toils of the capitalist. The British working men had proved by the time Engels wrote his new preface in 1888 that there was quite another way of solving economic and political problems than by

⁶ *Op. cit.*, New York, American Book Company. 1916; p. 868.

raising barricades and overthrowing governments. It is amazing to think that the great experiment taking place under Engels' eyes did not indicate clearly to him that the Manifesto could be of no avail in Great Britain or in the United States. Yet, there are today such people as Harold Laski who asserts that "The Communist Manifesto still remains the most inspiring and up to date Socialist document."

The Communist Concept of Property

THE REVOLUTION OF 1917 in Russia was the occasion for a revival of the doctrine in Central Europe. Since the time of Lenin's success Communist societies have sprung up all over the world, and today there is not a State in Europe that is not seriously affected by the growth of the movement. Therefore, those who study the Manifesto at this time read into it entirely new matter with which it did not deal. Take, for example, the following:

The Communists, therefore, are on the one hand, practically the most advanced and resolute section of the working class parties of every country, that section which pushes forward all others; on the other hand, theoretically, they have over the great mass of the proletariat the advantage of clearly understanding the line of march, the conditions, and the ultimate general results of the proletarian movement.⁷

This claim was never substantiated, and the absurdity of it should have been patent to Engels. Indeed, within a year it was shown conclusively that the revolt had failed. There was not a single leader in "the line of march" who reached the enemy's trenches with the slightest chance of success.

In a way it is amusing to notice in the Manifesto the many instances of circumlocution, a consciousness, as it were, of uncertainty about the terms used and the intentions of its advocates. The following is an example:

⁷ *Communist Manifesto*, p. 30.

The distinguishing feature of Communism is not the abolition of property generally, but the abolition of bourgeois property. . . .⁸

No Communist with whom I have debated the question has ever been able to state why two kinds of property should be differentiated. It may be that Marx and Engels realized when they reached this part of their work that there were possible adherents to the cause who were in small businesses and that it would have been detrimental to the movement to abolish the private property owned by these people. But they did not succeed in showing where the dividing line should be drawn. The great trouble was that they had no economic notion of what property is.

Assuredly it was difficult for them to prove that a man with a basket full of tools was *not* a capitalist and that a man with a factory full of tools *was* one! But they had no clear idea of what capital is. The nearest they could get to it was the industrial power of a factory owner to exploit the worker in an overstocked labor market.

The rest of the paragraph quoted above is as follows:

. . . But modern bourgeois private property is the final and most complete expression of the system of producing and appropriating products, that is based on class antagonism, on the exploitation of the many by the few.

In this sense, the theory of the Communists may be summed up in the single sentence: Abolition of private property.⁹

So what they grant to the small man in the first part of the statement, they repudiate later on, unless of course, there are *two* entirely different kinds of private property.

It was not until many years later (1867), when the first volume of *Das Kapital* was published, that Marx and Engels realized the true cause of an overstocked labor market, in which the unemployed competed against one another for jobs, and that this condition existed because the laborer had

⁸ *Ibid.*, p. 31.

⁹ *Ibid.*, p. 31.

no alternative: he was a landless man. He had been driven from the soil.

There never was such an extraordinary economic rigmarole and such a confusion of ideas. "But does wage-labor *create any property for the laborer?* Not a bit. It creates capital, i.e., *that kind of property which exploits wage-labor. . .*"¹⁰ (*italics mine*). The authors did not realize that capital is *produced and not created*.

The sweeping denial in this quotation that wage-labor does not "create" (produce) any property for itself was disproved every day in the week, even at the time when the Manifesto was written. The Communist lecturer was often asked how working men could begin as small employers and afterwards enter the ranks of the "bourgeoisie" and become "capitalists," if they had no property. Surely most of the hated factory owners started from very small beginnings and were possessors of some property gained by their own exertions.

These were points raised in many debates in the early years of the controversy, before Fabianism and Socialism were discussed on political platforms. However, when the Labor movement in England veered in the direction of Socialism, the political platforms of England rang with challenge and opposition, particularly in the six years preceding the first World War. And it was during these campaigns that the hollowness of the *Communist Manifesto* was thoroughly exposed.

One of the principal passages from the Manifesto which suffered severely in debate is a curious example of the muddled-headedness of Marx and Engels:

To be a capitalist, is to have not only a purely personal, but a social status in production. Capital is a collective product, and only by the united action of many members, nay, in the last resort, only by the united action of all members of society, can it be set in motion.

¹⁰ *Ibid.*, p. 32.

Capital is therefore not a personal, it is a social power.

When, therefore, capital is converted into common property, into the property of all members of society, personal property is not thereby transformed into social property. It is only the social character of the property that is changed. It loses its class-character.¹¹

I have known occasions when at question time the above has been read to Socialists with the demand that it should be explained in terms the audience could understand. And I never heard of any Socialist attempting to explain it. Why? Because the audience knew better than the speaker what capital is. Any plumber or carpenter in the audience knew that the tools he carried in his bag were capital and that he owned them. His social status was nil. Ask him if he regarded his capital as a social power; he would laugh.

But the greatest ridicule was poured upon the idea of the class character of capital. I remember a meeting in Yorkshire, in a spinning and weaving town where there was a large mill as well as several small individual and co-operative enterprises. At a meeting, the proprietor of the mill, a rich man, asked a Socialist lecturer to define his social status in production. This the lecturer failed to do, saying only that he employed labor. When the lecturer was asked into which class the employers in a small co-operative factory would fall, for a wonder he saw the absurdity of the position he had taken and laughed as heartily as anyone in the audience.

Abolition of the Family and Other Proposed Communist Reforms
FURTHER ON WE READ about the proposals for the abolition of the family, and this is the way the case is presented:

On what foundation is the present family, the bourgeois family, based? On capital, on private gain. In its completely developed form this family exists only among the bourgeoisie. But this state of things finds its complement in the practical absence of the family among the proletarians, and in public prostitution.¹²

¹¹ *Ibid.*

¹² *Ibid.*, p. 36.

This was resented fiercely, and several of the men with whom I debated the question of Socialism versus Individualism told me that they did not agree with the statement and that it did an infinite amount of harm to the cause of Socialism. But the above-quoted sweeping denunciation is mild compared with the following:

Our bourgeois, not content with having the wives and daughters of their proletarians at their disposal, not to speak of common prostitutes, take the greatest pleasure in seducing each others' wives.

Bourgeois marriage is in reality a system of wives in common and thus, at the most, what the Communists might possibly be reproached with, is that they desire to introduce, in substitution for a hypocritically concealed, an openly legalized community of women. For the rest, it is self-evident, that the abolition of the present system of production must bring with it the abolition of the community of women springing from that system, i.e., of prostitution both public and private.¹³

A comprehensive program was drawn up by the authors and, strangely enough, it contained several reforms advocated by the old Radicals. It is admitted in the Manifesto that the measures will be different in different countries, but "in the most advanced countries the following will be pretty generally applicable":

1. Abolition of property in land and application of all rents of land to public purposes.
2. A heavy progressive or graduated income tax.
3. Abolition of all right of inheritance.
4. Confiscation of the property of all emigrants and rebels.
5. Centralization of credit in the hands of the State, by means of a national bank with State capital and an exclusive monopoly.
6. Centralization of the means of communication and transport in the hands of the State.
7. Extension of factories and instruments of production owned by the State; the bringing into cultivation of waste lands, and the improvement of the soil generally in accordance with a common plan.

¹³ *Ibid.*, pp. 37-8.

8. Equal liability of all to labor. Establishment of industrial armies, especially for agriculture.

9. Combination of agriculture with manufacturing industries; gradual abolition of the distinction between town and country, by a more equable distribution of population over the country.

10. Free education for all children in public schools. Abolition of children's factory labor in its present form. Combination of education with industrial production, etc., etc.¹⁴

This program was shelved for nearly seventy years, and when the time came to give it a trial, Lenin was in command and found difficulty enough in setting up a Socialist State. The experience of the past thirty years is that the Russian bureaucracy under Stalin has not brought about the "utopia" that Marx and Engels envisioned. But one thing is most noticeable in this experiment and it is that the proletariat still remains a proletariat. If it differs in any respect from the conditions prevalent in Europe at the time the Manifesto was issued, it is in the direction of solving the problem of an abundant labor market by forcible means, by a system of tyranny far more cruel than that which prevailed in the middle of the last century. What would Marx and Engels have thought of Siberian labor camps? It is true that the Manifesto calls for an "*industrial army*", but no one would imagine that its authors dreamed for a moment of such a one as is under the command of Stalin today.

Nearly three years ago some of the ideas expressed in the Manifesto were put to trial by the Socialists in England who had won the general election with commanding majorities. The Bank of England, the railways, and the mines have been nationalized. But so far the proletariat have not begun to reap the promised rewards. It may be claimed that they are better off than they were, but in this highly experimental stage criticism should be withheld because there has not been

¹⁴ *Ibid.*, pp. 41-2.

sufficient time for the program of the government to be thoroughly tested. However, the enormous destruction of the last war and its costliness are factors that militate against the best intentions of the government; the loss of markets and the severe competition to be expected in the future from various parts of the empire are matters of foreboding at present. Still, it is not to be expected that a British Socialist Government will attempt to put the full program of the Manifesto into operation. It is not to be imagined that the people there will lightly submit to such a system as that over which Stalin reigns supreme.

I do not know to what extent the Manifesto is read by Socialists today. The clamor and the noise that are made about Communism are sufficient to impress one with the idea that the vast majority of people are busy studying the document and wondering when the next capitalist State will be overthrown. Day by day our newspapers devote columns to the question, but no one I meet seems to know what it is all about. None of my acquaintances indicates to me that he has read the Manifesto, and yet I hear Communism referred to week after week.

Perhaps the time has come when those who fear that this threat may become a political cataclysm should read this peculiar hodge-podge turned out by Marx and Engels and discuss its proposals and conceptions in the open.

So far I have not seen any of the newspapers that devote so much space to it supplying us with an analytical criticism of the document. There is no debate in our journals on this question. What does this mean? Apathy and indifference, or disinclination to study the question? One would think that such a menace would force people to gather information of what it means and what its intentions are. There seems to be no public opinion about the matter and, although there

have been investigations in Congress of people who allegedly belong to the Communist movement, nothing has happened, with the exception of some few who have been dismissed by their employers.

It is altogether a singular situation, and I doubt very much whether the investigation committee and the people who were called before it have the faintest conception of what Communism really is in practice, much less what it is in theory.

In the preface written to the German edition of 1872 the authors stated: "The Manifesto has become a historical document which we have no longer any right to alter." Few people take the trouble to understand what was meant by this confession. The fact was that such extraordinary changes had taken place in the principal States of Europe that the Manifesto was antiquated and no longer effective as a program for the relief of the proletariat and the overthrow of capitalism.

New York

Recent Publications of Interest

Personnel Research and Test Development in the Bureau of Naval Personnel. By the Staff, Test and Research Section. Edited by Dewey B. Stuit. Princeton, N. J.: Princeton University Press, \$7.50.

Modern research techniques can be applied with advantage in the solution of complex personnel problems of private industry and public and quasi-public employment. These problems for the most part are still handled by rule-of-thumb or intuitive haphazard approaches, the failure of which contribute to personal maladjustment and industrial and social disorder. This is a detailed account of the experience of the Bureau of Personnel of the U. S. Navy with new and established techniques in this field. It gives a history of personnel research and test development in the bureau, describes the construction of the selection and classification instruments used, discusses the development and use of aptitude and achievement tests, gives the results of follow-up studies and reports on possibilities for future research.

Essays by Karl Marx, Selected from the Economic-Philosophical Manuscripts. Translated by Ria Stone. New York: J. R. Johnson & F. Forest (116 University Place), 44 pp. (offset).

This work makes available for the first time in English translation three essays by Karl Marx which deal with basic positions in his system. They are his papers on alienated labor, private property and communism and a critique of the Hegelian dialectic. It is useful to have them in this convenient form; the first two make clear, perhaps even better than the similar passage in "Capital," how much Marx owed to Proudhon, whom he reviled, for his theory of exploitation. There is an introduction by Johnson, Forest and Stone, written from a Marxist viewpoint.

Land Economics: A Quarterly Journal of Planning, Housing & Public Utilities. Madison 6, Wis.: University of Wisconsin.

The *Journal of Land and Public Utility Economics*, with its February, 1948, issue, has adopted this shorter and more convenient name. This journal, now nearly twenty-five years old, has made an important contribution to American scholarship by encouraging research and study in its fields of interest, which embrace some of the most critical areas of the American economy.

Laissez Faire and Free Enterprise

By GEORGE R. DAVIES

I

THE TERM *laissez faire* came into use during the eighteenth century, in the decades preceding the American Revolution, as a label for the economic philosophy then rising in public esteem. This philosophy was a function of the emergence of England as a dominant financial and naval power.

Preceding generations had witnessed a long duel between England and France. During this period business could not safely develop the division of labor that operates through international trade. Industry therefore was restrained by tariffs and other governmental controls, such as are consonant with an intermittent state of war. But in 1763 England appeared to have won the duel, and international trade under its leadership seemed feasible. The expansion of trade, in turn, stimulated a significant series of inventions which marked, in terms of materialistic progress, perhaps the most important turning point in the history of mankind. This was the transition from handicrafts to power machinery.

The new era of power machinery was ushered in by small businessmen who were farsighted enough to introduce the new techniques. Adam Smith's *Wealth of Nations* was their bible. As they grew in wealth and power, the more successful merged with old aristocracies and rejuvenated them. But on the wide expanse of Anglo-Saxon frontiers the *laissez-faire* ideology long remained dominant.

Thus it will be seen that in the older centers the *laissez-faire* system gradually outgrew itself. Essentially it was a theory of natural business growth, with only minor governmental supervision. This supervision was to be devoted

chiefly to the protection of property and the enforcement of contracts, while capital was to organize markets and administer labor. Hence the evolution of *laissez faire* soon led to what we now call free enterprise. In the strenuous competition of business some lost and others gained. As markets expanded and diversified, men of great energy and ability organized investment banks and corporations, which performed the important function of co-ordinating the intricate streams of trade and investment. The result was financially centralized systems with investment banks sponsoring corporations and cartels. England and Germany prior to World War I are examples. The advancement of science and its application to industry became the function of laboratory technicians rather than of small businessmen, as in Adam Smith's day.

Thus business grew—as John Law, the patron saint of credit banking, hoped—into “a State within a State” with its own centralized administration and quasi-taxation, and its graded hierarchy of hereditary leaders. The feudal State had broadened into the capitalistic State.

Europe generally subordinated government to the business and leisure-class aristocracy thus developed. But America has passed through an era of phenomenal growth, and has not yet firmly established its class lines. Moreover, in theory at least, government here was set up to “promote the general welfare” rather than the special interests of a ruling class. But even in the most conservative Old World economy, business must in large measure serve the public, much as a shepherd must serve his sheep or the dairyman his contented cows; hence the slogan: “The consumer is the boss.”

Up to the present the evolution of free enterprise in the modern world parallels in principle that of the ancient world, though on a vaster scale. According to early experience it

would be expected that the development of business hierarchies would engender strife, in part between industries or between capital and labor within industries, but chiefly between national systems seeking profitable outlets for surplus capital and excessive population. Rivalries threatening war would create militaristic leadership, and interrupt foreign trade in the search for national self-sufficiency. Thus the mercantilism that Adam Smith denounced would return until another nation, like nineteenth century England, would take and hold the lead and protect commerce.

This, in fact, is the situation in the world today. Complacent England lost its leadership by default when it allowed the United States, Germany, and Russia to surpass it in industrial capacity and the advancement of materialistic science. Markets are now world wide, and the prize of leadership in co-ordinating them is producing rivalries far more intense than any well-intentioned United Nations appears able to control. Added to international strife is group and class strife, such as is rending European nations today, and which has already infected America.

By way of contrast, America from the Civil War to World War I has been free from excessive internal strife. But the unprecedented breakdown of the Thirties and the so-called New Deal—so similar to futile Greek and Roman reforms—have signalized instability as well as a permanent entanglement in world affairs. It is, therefore, important that we seek to analyze the evolution from frontier to empire with scientific detachment, so that ultimately our economic and political policies may be based on understanding rather than on instinct and tradition.

II

WHY DOES COMMERCE EVOLVE through *laissez faire* and free enterprise to militaristic empire, and then decay? The in-

quiry calls for an analysis of the nature of markets—the task of economics. But economics, like all science, must bow to the masters who employ it, and in the market place it quickly degenerates into partisan propaganda—a degeneration that the schools cannot wholly escape. Nevertheless economic analysis has proceeded far beyond the boundaries that the public ascribes to it, not merely at a descriptive science, but as a deductive science as well, expressed in terms of both logic and mathematics. But in its public use as a propaganda device it remains on the low level of a century or two ago.

While there are various schools of economic thought, the one dominant in American universities and in American thinking is mainly of English and Austrian derivation. The English origin stems from the eighteenth and nineteenth century, while the Austrian is of later origin, and is much more subtle and consistent. Considered merely in the abstract, this Anglo-Austrian system of thought is an important contribution to science, in spite of its distortion by special interests. But it neglects important aspects of organization such as the function of central banks; and its ethical assumptions are seldom explicitly stated.

It is obvious that a system of thought which directs action, not only involves a system of logic, but implies, consciously or subconsciously, certain ethical objectives. These objectives are too often hidden behind rationalizations that function like a barbed wire entanglement against clarity of thought. Nevertheless, they determine ultimate results.

For example, the basic assumption of traditional economics, in so far as an objective is concerned, is that civilization should consist primarily of leisure-class creditor families, employing as means of production scientists, technicians, and other laborers, and ruling through giving or denying employment. This is not stated openly, but is implicit in the proposition

that the most important people are those who will save at the lowest rate of interest. This implicit assumption, naturally results in policies oriented toward the establishment of a hereditary privileged class. And that end naturally induces, under modern conditions of communication and public education, an opposite extreme in the so-called "revolt of the masses."

It is not here argued that the Anglo-Austrian objective is false. Perhaps it should be adopted as the social goal. That is a question of ideals and ethics. It is merely suggested that if it is the desirable objective it should be openly stated and understood, at least in the social sciences. But if, on the other hand, the ideal is to promote the general welfare, assuming that citizens are human beings rather than means of production for objectives which are the concern of others, then economic policies should be redirected toward that goal. Otherwise we become the victims of the confusion that prevails today. Or, if there can be no agreement on objectives, then at least we may know what we are fighting for, and may escape a conflict like that which Tennyson prophetically describes where

. . . friend and foe were shadows in the mist,
And friend slew friend not knowing whom he slew;

Although in practice economics cannot be separated from ethics, yet in theory the two must be clearly distinguished, just as the laws of mechanics must be comprehended as pure science apart from the uses to which they are applied. Stated as a science the central principle of economics involves the technical necessity of attributing incomes to material as well as to human means of production (*i.e.*, to land, building, and equipment on the one hand, and to managers, scientists, technicians, and casual workers on the other). Such a dichotomy of income is shown to be necessary in allocating available cap-

ital and labor to the achievement of maximum production. This statement is, of course, subject to innumerable questions of definition and interaction, which cannot here be considered. In the abstract it is a problem of simultaneous equations and the calculus, while in its application it is expressed as economic and accounting theory. Its validity is unquestioned except by radicals who would put control in the hands of a dictator. Even Russia was compelled to adopt scientific cost accounting in order to combat the indescribable confusion that followed the rise of the Marxians to power.

It is a mark of the immaturity of the social sciences that, while they issue voluminous descriptive reports and collect endless statistics, they give scarcely any attention to the accounting profession which supervises, on the theoretical level, the laying of the bricks of our vast corporate superstructure. The two basic equations of accounting are that debits equal credits and that assets equal liabilities. It is true these equations evolved out of practice before they were recognized by economic theory as universal principles of market phenomena. And they are commonly used indifferently as mere convenient devices. Yet they embody the axioms on which a business civilization—and in large measure any efficient civilization—necessarily rests.

Stated bluntly, accounting axioms mean that while investment properties—farms, mines, factories, etc.—represent the material basis of society, their value is at the same time both wealth and debt or quasi-debt of equal proportions. By the application of science to industry, capital and the income from it greatly increases, but the debt on which interest is to be paid increases in like proportions. Positive and negative items increase together. What are assets to some, are liabilities to others.

It must be remembered, however, that science states its conclusions in terms of averages and trends, which do not con-

form exactly to detailed facts. The proposition that the laws of nature are only statements of high probability is an essential theory of modern physics that has its analogue in social science. We are told that matter is composed of innumerable minute points of force, the individual behavior of which is largely indeterminable, but which in the mass become predictable. Likewise society is composed of variable and largely unpredictable individuals, but civilizations form unities which conform to certain recognizable patterns of growth, conflict, and decay, as Toynbee has so clearly demonstrated.

For example, the baffling cycles of inter-related booms, depressions, and wars in which we find ourselves entangled, have characterized civilization from those ancient beginnings where it emerged from the primitive jungle. In the latest as in the earliest civilization, business builds a Tower of Babel that approaches the heavens, but eventually the language is confused into capitalist, labor, socialist, and communist tongues, and many conflicting dialects, that cannot be translated one into the other. So anarchy returns, until the fighter restores order.

The statement that wealth is an interest-bearing debt obviously needs qualification. But first it must be repeated that in an efficiently administered society land and machines earn interest income in the same sense that a man earns a salary or wage. What is added to output by the man or machine is a measurable increment of income. Science must take it into account. However, its meaning varies at different levels of wealth, and its relation to ethics has a long history, to be touched on later.

The development of wealth as debt may be traced genetically by considering the evolution of a nation from frontier to empire. In the old centers unwarranted luxury and depressions may be wasting income, but on the frontier of small farms and shops, income is earned chiefly by hard work, and

saving is a real sacrifice. But new investments are usually profitable, and savings earn interest, which constitutes the chief motive for saving. Of course risk and chance enter as factors, and interests incomes often accrue as the result of unearned increments. Nevertheless, in normal markets, interest on the capital value of farms and factories accrues to the owners of property, and is collected from the public by an addition to prices similar to a sales tax.

The situation changes as the nation progresses toward the imperial stage. Eventually saving is done chiefly by the wealthy from the income of inherited fortunes. Hence as creditors the ultra-rich may, if they wish, live without work on the revenues from trust funds. Or, on the other hand, they may become leaders in business, science, and culture. If they prevailingly choose to be mere socialites, progress lags, and discontent and envy may breed tyrants. But if they perform their normal functions as leaders, the world marches on.

American business philosophy still reflects the pioneer stage, though in fact the nation is now entering upon a stage of integrated, expanding enterprise. Originally, Jeffersonian democracy advocated and promoted small family farms and shops, with only a minimum of trade. Government was to be administered by an aristocracy of service, and was designed to provide for the common defense and promote the general welfare. In such a decentralized society, particularly when fertile land is readily available, income is produced chiefly by the family working the farm. But when land is relatively scarce, and bought and sold, strict accounting is necessary as a means of estimating its market value. In the former case obviously the individual farmer is both the rent receiver and the rent producer, hence the problem of interest income does not arise. But in the second case it becomes very significant. The absentee landlord may now be the rent receiver. And

the consumer of food pays the interest on the landlord's investment—for, as we have seen, returns on investment are a normal element of price. In this country manufacturing and mining normally collect about 25 per cent of produced income as capital earnings, and 75 per cent as wage and salary earnings. In England capital has collected 35 per cent or more. Often the percentage has been higher, particularly when population is overcrowded and property is aggressive and powerful.

In many fields of small business, however, competition is extreme and wasteful, and capital earnings are precarious. Particularly in retail stores and small shops, there is generally a wasteful surplus of establishments—duplicative investment as it is called—and profits may be abnormally low in accordance with the law of diminishing returns. Hence the saying that competition is the life of trade but the death of profits.

But at the other extreme, bankers' banks and allied corporations become firmly established, and capital income is often expressed as bonded debt. Private corporate and mortgage debt in the United States in 1947 was 126 billion dollars. Or it may be expressed as shares, on which it is the duty of management to earn dividends. Hence capital earnings in a developed society may, in general, be described as a debt or quasi-debt chargeable to consumers through the medium of prices. In the language of the market place, the consumer must pay for saving as well as for productive work. Incidentally it may be noted that the dollar today is an IOU of several removes based chiefly on the fact that real property is an interest-earning asset—a liability to the consumer.

III

HAVING BECOME HABITUATED to the payment of interest, both directly on money loans and indirectly through additions

to prices, we fail to realize that it has constituted from earliest times the most fundamental organizational problem of ethics. We think we have outgrown the problem because of our wonderful materialistic success, but in reality it is still very much with us. In a distorted form it is the basis of the widespread radicalism that is disrupting civilization.

Ancient economic theory was written largely in terms of symbolism which now seems antiquated, but the symbolism can be translated. The significance of the Hebrew scriptures in Western Civilization derives largely from the Utopian experiment it records. Observing that commerce led to leisure classes and slums, and to wars of commercial expansion and conquest, Hebrew leaders attempted to ban interest on money and to establish family land ownership with little trade; that is, they set the pattern which Jefferson adopted nearly three thousand years later. But the military commercialisms of Egypt, Babylon, and Persia expanded much more rapidly than the Hebrew Utopia, which was overrun again and again. Nevertheless the ideal that a family should earn its income and abjure interest incomes on both money and rented property, lived on while the ancient commercialisms died. Aristotle voiced the same ideal applied to the city State, but the city State could not stand against the integrated commercialism and militarism of imperial Rome.

After the decline of Greece the Stoics expressed the ideal of service incomes vs. interest incomes, but enlarged the group unit to the concept of a world State of brotherhood and equality. Their ideas were in part consolidated with early Christianity. As the political church developed, it fashioned its thinking partly on Plato and partly on the vision of a regenerated Stoic Roman Empire—the City of God. Thomas Aquinas returned Christian thinking to an Aristotelian base, but the ban on interest had to be gradually relaxed as com-

merce expanded. Calvin was, apparently, the first social philosopher to popularize the idea of land rent as a variant of interest, and he sanctioned its receipt so long as capital was accumulated in the spirit of the parable of the talents.

The Calvinistic dogma of wealth as a religious trust still has influence, though the logic of the dogma is still unrecognized, but in general Anglo-Saxon civilization has been pretty well paganized. No longer is the Creative Spirit thought of as represented in the morale and culture of the group. Again man is considered the Creator of Wealth. According to our dominant financial philosophy, government must protect but not interfere with the Creative power of the capitalist. The property and interest income is his and his heirs forever, except for certain taxes which the orthodox look upon as the beginning of totalitarianism. In organized business Hamilton has won, and Jefferson and Lincoln are little more than nostalgic childhood memories. Capital administers society and may bind the future through its bequests.

The empire of big business and the hereditary aristocracies that guide it, affiliated as they were before the war with British and German cartels, might establish an enduring empire of world capital if they could receive sufficient support to iron out the business cycle. But the cycle is still with us. As in former times, active business creates a strong demand for the means of production, and wages and other costs rise to inflated levels. Thus far about the only known peacetime cure for such inflation is the restriction of business activity that we call a depression, which breaks labor and redundant enterprise, but enriches successful speculation. The admirable attempt of central banking during the twenties to level booms and depressions was ruined by a speculative craze which chose as its slogan, "The sky is the limit." The debtor masses tried to buy out the creditor classes—an obviously impossible feat.

In American experience the depression that followed cost in idle men and idle factories the equivalent of the monetary cost of the recent war. If an individual so acted, he would be remanded for psychiatric treatment. And postwar finance is repeating the ancient follies that lead to depression, much to the delight of our enemies, and the fear of our friends. It has been well said that all we learn from history is that mankind learns nothing from history.

IV

THE CONFLICT that has raged about the ethical aspects of interest incomes may be set forth in somewhat exaggerated clarity by explaining history as a battle ground between two ideals. The one ideal is that of a hereditary privileged class served by a dependent class of producers—the principle of *servitude* in Thomist philosophy. An early expression of this ideal was feudalism, which was transformed into the leisure-class society envisioned by European economic philosophy. The other is the ideal of a fraternal society with equalitarian status in which consumable incomes are normally proportioned to service—"to everyone as his work shall be." This is the ideal expressed in emotional symbolism by the Hebrew sources of our civilization, and in more concise terms by the Greek and Roman Stoics. It is the theme of our Declaration of Independence. But though approached during periods of democratic expansion, it is as yet unattained, and is perhaps unattainable—perhaps a mere council of perfection. Yet it is powerful enough so that, even in distorted form, it can threaten a civilization that regresses too far toward the ideal of hereditary privilege, and forced poverty in depression. Though in the stampede of the market place it is crushed to earth, it arises again and again.

In this modern age, in the reaction against medievalism, we

have deified the instincts of the common man. But history refutes this superstition. The truths of the natural sciences come from the laboratories, not from the masses who build the laboratories and feed its technicians. And the truths of social science come from the inspired few who, for the most part, the world has at first neglected or scorned:

. . . the souls that stood alone

While the men they agonized for hurled the contumelious stone.

The peasant whose land hunger seeks the privilege of the absentee landlord no more speaks as the "voice of God" than does the speculator who seeks to rebuild privilege. We find virtue to some extent in all classes, but ethical enlightenment comes to us from the good and wise whose words we cherish in the classics of literature.

Apparently our confusion today does not arise so much from a lack of appreciation of idealism, as from the hiatus between ideals and deeds. In a simple Jeffersonian economy it is comparatively easy to set up norms of right and wrong, and to maintain business equilibrium. But as trade expands into the world-wide complexities of today, it is difficult to see the application of ethical principles. And even with the best of intentions it is a herculean task to maintain equilibrium. Insofar as this task is accomplished, it is a function of the great fortunes that Jeffersonian simplicity condemns as evidences of greed. The power of wealth may be abused, but somewhere such power must be exercised if business is to escape mob disorder. The Babylons of the world from Thebes to London and New York have acted as brain centers of commerce and have fulfilled—no matter how badly—an essential function. In our world, as in the past, these brain centers of commerce have organized their activities through investment banks, the creators and mentors of corporations,

and through a co-ordinating central bank. Yet the illusion persists that somehow world trade will automatically balance.

Material science is advancing so rapidly that the professions demand a constant revision of what was learned in the schools. But social science in its practical applications is scarcely beyond the level set by Aristotle, if indeed it has reached his level. Religion promulgates a few saving axioms, but business and government in the large remain in the age of superstition, which cannot distinguish freedom from anarchy. We have sciences but no effective science.

It may plausibly be argued that in so-called "big business" we have the organized beginnings of a world civilization. As science matures, these institutions will seek their rulers from the ability developed impartially by the schools. The overcrowding of population that characterizes the Old World will in time be relieved. Inherited privileges will diminish, earned income will predominate, and the semi-anarchy of depressions and wars will eventually be overcome. At least we may set up this hope as an objective toward which to strive.

As children express their growing talents in play and fancy, so the ancient world forecast its modern achievements in myth, parable, and legend. "Magic," said Emerson, "is a deep presentiment of the powers of science." The dreams of magic have now been fulfilled in achievements of material power and skill that surpass their legendary anticipations. But the other dream that is the heart of our religion and the hope of reformers, has never been fulfilled. Strife, redoubled with every advance of science, has been our lot.

The miracles of materialistic science have been achieved by a correlation between the abstractions of mathematically expressed theory on the one hand, and a close and impartial scrutiny of existing phenomena on the other. May not the kingdom of social truth likewise be discovered when at last

we relate the logic of economic and social law to the observed facts of the home, the market place, and the forum? Then the new world we long have sought in vain may arise from creative reason—the *Logos* of the Greeks, which the Evangelist declared was in the beginning with God, and was God.

In conclusion it may be said that the economic ideas here expressed are commonplaces to economists who have ventured beyond the mere countinghouse and traditional level. But it seems difficult to apply the tested truths of the social sciences, and many believe it cannot be done. Yet obviously the chief reason why science on the political and business level cannot be translated into harmonious and efficient action lies in an obstinate lack of faith in the possibilities that lie before us.

Today Americans look fearfully across the oceans at the aggressive Red Menace, but do not yet fully grasp the extreme danger our civilization is facing. It is obviously essential that we maintain and advance our fighting strength. But the victory of free enterprise does not depend on that alone.

I think we may safely assert—though on the basis of faith rather than of sight—that if the social sciences were allowed to progress as the physical sciences have progressed, depressions would be conquered and material progress would be assured. The fine arts, and culture in general, would be free to move forward. Then we would find enthusiastic friends abroad, whereas now we have anxious allies who expect us to fall victim to another great depression. And in developing a progressively stable civilization we would fulfill the promise written in the Declaration of Independence.

University of Iowa

The Individual and Society

MANY AMERICANS LONG for a "great leader," a "true statesman," some strong man to lead them out of the barren desert of frustrations into the green pastures of well-ordered achievement.

The war-torn sense of living in a profoundly important moment is now lost to the individual. No longer does he feel himself so essential to the community and the country. The bonds of consanguinity, of a common purpose in a common danger, have fallen away. The individual has been thrown back upon himself. He has now what he thought he was fighting for—the right to disagree, to pursue his own interests. His reaction is violent. He disagrees with acrimony and pursues his own interest with passion. And when, because the war ripped the economic fabric of the world into fragments, the individual's realization of his own interest is made temporarily difficult, he seeks excuses and scapegoats.

Others are to blame, he thinks. Depending upon his interest-bias and the profundity of the individual's ignorance, Labor is to blame, or Big Business, or the Government, or the Jew, or the Negro. Never, of course, the individual himself. No, he is always the innocently injured party.

The plain truth is that in the long run the individual will not find his own interest to lie apart from that of his fellow man. No democracy is any more ethical than the common ethical denominator of all of its members. The responsibility is even more individual than it is common. "Ask not for whom the bell tolls. It tolls for thee." When a disproportionate number of individuals are incapable of knowing or accepting their personal responsibilities for the common good, there begins to arise the cry for a "strong man."

God save us from a "strong man," but give us all strength! Greater than he who governs a city is he who governs himself. The individual may be only the atom of society, but in himself he is society. The little things he does each day add up with those of others to social and political behavior.

Democracy is all of us. Each of us must live as though he alone were—as he is—responsible for the common good.

BRYN J. HOVDE

*New School for Social Research,
New York*

The Disposition of the Technical Equipment

By ELGIN WILLIAMS

IT IS TOO EARLY YET to indicate with exactness what has happened to the world's accumulation of capital goods with the dawning of peace. Yet certain broad trends are sufficiently clear to make possible a tentative inventory.

In the first place, much of the technical equipment left over from the war and the prewar has been destroyed outright or suffered to rust and decay. In this category the two largest items are the factories in the American and British zones of Germany, and the heavy equipment, especially construction and transportation devices, of the American military forces and merchant marine.

The second kind of disposition which has found favor is disemployment and idle preservation. Here the outstanding items are the refineries, plants, and other production facilities owned and operated by the United States government during the war. With some exceptions this portion of the technical equipment has been relegated to a "standby" status. The main items here are plants and processes in the light metals, aircraft, rubber, machine tools, and shipbuilding industries.

A third disposition of the technical equipment has been "reconversion." From war uses the world's accumulation of technologies has been turned to the usages of peace. "Reconversion" has meant primarily that machines and equipment formerly used for the production of war material are now used for the production of business material. While examples here are too numerous to mention, the whole category

is symbolized by the devotion in Britain's hour of peril of a proportion of that country's technical equipment to the production of gold mining machinery, not to mention the employment of the gold mining machinery itself.

A fourth use of the technical equipment inherited from the war and the prewar economies is in the production of durable and non-durable consumers goods which have substantially no material value. To set out a list would be discriminatory, but mention must be made of the clothing machines. Many other machines have likewise acquired the "new look."

A fifth category—what might be called the residual category—is the allocation of the technical equipment to the production and distribution of valuable consumer goods and of valuable technical equipment. Here there are difficulties of classification. A postwar automobile, for example, falls both in this category and into that of useless frippery and so, obviously, does automobile-making machinery. But it can be said that by and large a portion of the technical equipment in all the countries of the world, including the United States, has been allocated to the production of useful consumer and capital goods.

The long-run effects of this peculiar allocation are to be seen at the present time only dimly and with a large margin of error. Previous experience, however, leads to the conclusion that the balance among the various categories will continue to be kept, and for good reason. A proportion of the world's technical equipment under the present institutional setup can be devoted to the production of useful consumer goods and additional technical equipment only so long as the other four allocations are made. These allocations stand in relation to the fifth allocation as the ceremonial destruction of yams in the Polynesian islands stands to the consumption of yams by the Polynesians. They are propitia-

tions and are necessary, given the needs of the deities propitiated.

It is all well and good for rational men to deplore the destruction and sequestration of technical equipment—"idle machines and idle men"—and to frown on the use of other technical equipment for the production of useless goods. But in any real sense—that is to say, in any world where propitiation is important—the first four allocations are as necessary as the latter. If any technical equipment is to be used for the satisfaction of consumer wants directly or indirectly, a proportion of the rest must be devoted to the creation of that useless frippery which delights those who have the custody of the technical equipment.

Again, some of the equipment must be allocated to the achievement of business purposes since these custodians move to allow the use of the equipment in their custody for other purposes only if their sense of what is right and necessary in this realm is satisfied—here is the justification for the production of gold mining machinery and for the use of this machinery in the digging of gold in a world of starvation.

Again, the allocation of "surplus" equipment to idleness, destruction, and decay is necessary if an "overproduction" of goods and services is not so to derange the state of trade as to bring the custodians to allocate the whole of the technical equipment to idleness and decay—here is the justification of the ship "sanctuaries" and the removal of German industry from the competitive scene.

In short, it is doubtful whether the total of useful goods and services would be increased if any different disposition of the technical equipment inherited from the war and the pre-war were attempted. Rather it is to be expected that a different disposition—if it reduced the number of machines now devoted to idleness, rust, or the production of the fripp-

pery of conspicuous consumption and business administration—would also reduce catastrophically the number of machines at present devoted to the production of useful goods and services. If anything, the latter disposition has its justification only in contributing to continued activity in the other branches.

University of Washington

Geopolitics of Poland

By JOSEPH S. ROUCEK

THE EVALUATION OF POLAND's geographical location in Europe has been misrepresented in American and British historiography to a degree that is really astounding. This misrepresentation can be traced, from one point of view, to the traditions of historical scholarship. It cannot be overemphasized that most of the founders of the graduate departments in history in the American universities either received their training in Germany or came eventually under the spell of its traditions. Halecki's evaluation of the influence of Ranke in this respect is quite valuable.¹ Ranke maintained in his earliest writings that the Germanic and Romance nations alone form a cultural unit having a common history to be identified with the history of Europe. This view was accepted by the whole German historiography, and consequently Poland in particular was practically excluded from any presentation of Europe's political and cultural development. Ranke thus expressed the attitude of his nation which was not only in no sympathy with Poland but had recently benefited from her partitions. "And owing to the influence of German scholarship," concludes Halecki, "the whole part of Europe east of Germany herself, including of course Poland, used to be disregarded even in French or English studies of universal history."

These traditions are by no means dead:

The limits between western and eastern Europe being always highly controversial, a thin geographical unit called central Europe is frequently distinguished between them. But its boundaries, especially in the east,

¹ Oscar Halecki, "Problems of Polish Historiography," *The Slavonic Review*, XXI (March, 1943), pp. 223. See also: J. L. Brown, "Deutschum and America," *Journal of Legal and Political Sociology*, II (October, 1943), pp. 117-35; Joseph S. Roucek, *Misapprehensions about Central-Eastern Europe in Anglo-Saxon Historiography*, New York, Polish Institute of Arts and Sciences in America, 1944.

are still harder to determine; and as undoubtedly Germany is the main part of central Europe, just as Russia is the main part of eastern Europe, there often appears a tendency to identify central Europe with Germany and eastern Europe with Russia, a tendency which was greatly favored by the political situation in the century before 1914. This resulted in a total neglect not only of Poland, but of all the other nations between those two Great Powers.²

During the last two decades, the traditions of German historical scholarship, with its tendencies to ignore or to underestimate the historical importance of Poland continued in the form of ill-famed "Geopolitical" doctrines which have not been without their influence on the American and English historical and political writings. We thus read a statement by a Harvard University Professor:

The key to an understanding of the present titanic struggle must be sought in the forces of history which have perpetuated a disequilibrium in the No Man's Land of Eastern Europe . . . where Western and Eastern influences in European history have remained locked in stalemate.³

Political Geography of Poland. A look at a map shows that Poland has few natural boundaries (except a part of the Carpathian Mountains and a small part of the Baltic seaboard, Polish Pomorze or Pomerania—the word meaning "seaboard"). It lies on a segment of the extensive plain of North Europe and is subdivided into districts of superior fertility by belts of sand, marsh, and other wasteland barriers. On this plain, called Polska (from the Polish word "pole," meaning "plain"), live the Poles. The original center of the Polish nationality is "Great Poland," the lake region plus the adjacent fertile plain traversed by the Warta.

Life on an open plain had for the Poles three important results.⁴ (1) They had no natural frontiers except a small seaboard and a small section of a mountain range and their

² Oscar Halecki, Chapter I, "Poland and Europe: Geographic Position," pp. 3-4, in Bernadotte E. Schmitt, Ed., "Poland," Berkeley, Cal., University of California Press, 1945.

³ Bruce Hopper, "The War for Eastern Europe," *Foreign Affairs*, XX (October, 1941), p. 18.

⁴A. Bruce Boswell, "Poland in the Light of the Past," Birkenhead, Polish Publications Committee, 1943.

country was exposed to attack from almost every side. Periodically, Poland has suffered invasions from the East as well as from the West. (2) Life on a plain facilitated a continual movement of Poland's people which made state making very difficult and fluctuating. (3) Fortunately, life on the Polish plain not only involved hostile relations but also friendly contacts with many peoples (Czechs, Hungarians, Eastern Slavs and Baltic peoples). This also led to political union with Lithuanians, Ruthenians and (Old) Prussians, and, above all, the influx of great masses of German colonists. At one time, Poland became an asylum for almost all the Jews of Western Europe.

The geopolitical history of Poland rests on its main axis, the Vistula, which embraces river-systems which drain both into the Baltic and into the Black Sea. The Polish State, as a result, has tended to organize the districts between the Oder on the west, and the Dvina and the Dnieper on the east. "Whether it were Cracow in the Middle Ages, or Warsaw in modern and contemporary times, the capital was always connected with the axis of the Vistula and on it based the development of its political thought."⁵

Historical Tendencies. By race and language, the Poles belong to the great Slavonic family of nations that now occupies the whole of Eastern and large portions of South-Eastern Europe. Originally, the territories occupied by the Slavs extended much farther west into what is now Central and Eastern Germany. Because of the eastward pressure of the Germanic "push to the East," Slavs gradually lost ground on their western border and themselves began to expand in the eastern direction.

The Polish State is a case in point. When it emerged, about the middle of the tenth century A. D., it extended, like the

⁵ Jerzy Ponikiewski, "The Geopolitical Situation of Poland in Europe," in *Poland* (Official Catalogue of the Polish Pavilion at the World's Fair in New York, 1939), pp. 52-70.

Poland after the First World War, from the Carpathian mountains in the South to the Baltic Sea in the North; but its center was much further west, mainly between the Oder and the Vistula rivers. It was in the early centuries of Poland's history that the lower and the middle course of the Oder became Germanized and the Polish element subsequently spread out considerably to the east and southeast of the Vistula, which then became—as it is now—Poland's central waterway.

In the tenth century, the Polish State accepted the Christian religion. Since Poland, just like the Czechs, received their Christianity from Rome (and not from Byzantium), the Poles were drawn into the orbit of that essentially Latin civilization which the Roman Catholic Church built in Central Europe. Furthermore, Poland's growth of subsequent civilization contrasted with the German and Muscovite civilizations. It expressed itself in the growth of representative institutions comparable to that of England, and the evolution of a democracy of the gentry in a land surrounded by autocratic States. This parliamentary system attracted its neighbors and led to union with the Lithuanians and Ruthenians.

Strengthened by this brilliant civilization, Poland was for some centuries a great power, which defeated the Swedes, Turks, and Austrians, and captured Moscow. It cannot be repeated often enough that Jan Sobieski saved Europe from the Turks at Vienna by helping to liberate Vienna from the Turks in 1683.

The Partitions of Poland. But the very nature of Polish culture led to its decline. The Monarchy had become elective, the Executive was weak and subject to the Legislature. The whole structure, depending on the intelligence and civic ideals of the individual, was weakened when education declined. Poland had no hereditary ruler, no administrative machinery

or standing army to defend her against the strength and aggression of her neighbors. In 1772, large eastern provinces of Poland were annexed to Russia when Catherine I of Russia decided to share the Polish spoils with the Austria of Maria Theresa and the powerful Prussia of Frederick II. Internal reforms came too late, although the Partitions of Poland were affected successfully, not so much through the weakness of Poland, as owing to the overthrow of the balance of power in Europe caused by the outbreak of the French Revolution. The Second Partition followed in 1793. In 1794, the great national hero General Thaddeus Kosciuszko—who took a distinguished part in the American War of Independence—called his nation to arms against the invaders and resisted them successfully for nearly a year. His defeat was followed by the Third Partition in 1795 and the disappearance of Poland from the map of Europe for over a century.

The Restoration of Poland. During the First World War, Poland again paid dearly for her geographical position. Poland's two chief oppressors—Russia and Germany—faced each other as enemies on Polish soil. When the new State arose in a country thoroughly devastated by war, it was by no means free to devote its energies to peaceful reconstruction when the peace treaty was signed in the west. The border districts where neighboring nations had intermingled with the Poles for centuries were claimed by the Czechoslovaks, the Russians, and the Lithuanians, and Germany never ceased agitating against Poland's acquisition of Upper Silesia and Poland's ancient province of Pomerania (Polish "Pomorze," misleadingly called "the Polish Corridor").

Poland's foreign policy during the two decades of her independence was dictated again by her geographical position. The country itself stretched a thousand miles from tip to tip; it was big enough, with three thousand miles of frontiers

touching ten sovereign States, to loom large in military calculations.

As a result, Poland's diplomacy had a definite goal: to build a strong Poland rallying to its middle-of-the-road position supporters of peace from the Baltic to the Black Sea. Polish foreign policy had two axes: the western-eastern axis, the axis of Poland's fate; the northern-southern axis, that of movement, advancement, expansion.

The western-eastern axis was nothing more than the pincers formed on one side by Nazi Germany and on the other by Soviet Russia. Poland could be squeezed along this line because the country lacked geographic barriers; the frontiers, with the exception of the famous Pripet Marshes to the east, were open. This absence of natural barriers was the dominant fact in Poland's political relations with these two greater powers. Both of them had used Polish territory, which they had seized and attempted to denationalize a hundred years before, as their battleground. Thus Poland learned from the hard reading of history how to balance these aggressive neighbors against each other.

This age-long problem was less pressing during the years of the Versailles dictatorship. Germany was weak, subjected to Allied curbs; Soviet Russia, disorganized. Poland logically co-operated with the Western Powers against both potential enemies—particularly against Germany. But when Germany became powerful again under Hitler, and France would not accept Pilsudski's proposal to fight Hitler, Poland negotiated the Polish-German non-aggression pact.

But Poland's temporary extinction came with the collapse of the influence of western democracies in Eastern Europe after Munich. When Russia and Germany, Poland's two hereditary enemies, came to an agreement, the closing of the fatal pincers of the western-eastern axis led to the Fourth

Partition of Poland. Poland, again, became a battleground between the German and Russian forces. With the defeat of Germany's hordes at the turn of 1944, Poland came under the direct domination of Russia.

University of Bridgeport

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The Deterioration of the Managerial Prerogative

THE RIGHTS AND PRIVILEGES of owners and managers of American businesses have up until now gone substantially unchallenged. Even the growth of labor unions since the New Deal has not witnessed any fundamental change in the philosophy of the unions. This philosophy has always been one which has seen the duty and the obligation of the union to be the achievement of wage increases and union contracts for its men. There has been no suggestion that the unions desire "to tell the boss how to run his business" with the exception of wages, hours, and working conditions.

The postwar inflation has changed all that. Labor has discovered that wage increases followed by price increases do not represent real achievements. So that it has come about that the interest of labor bargaining has perforce had to shift from its traditional exclusive fixation on the questions of wages, hours, and working conditions, and become more broadly concerned with business policy. If this situation, which the corporations through their price policy have brought about, should continue it may conceivably lead to the diminution of the power of the corporations themselves.

Furthermore the corporations involved are adding intellectual ammunition to the union arsenal at the same time that they are provided the material conditions for an invasion of the managerial prerogative: the two things are what the economist might call "joint products" involved in a "tie-in sale."

The most felicitous—that is to say, from the point of view of the corporations, the most dangerous—example of this intellectual "joint product" is the message displayed in full page advertisements during a recent strike in which the union was so bold as to inquire into the corporation's profits; this to determine if "wage increases without price increases" were feasible. The indignant refusal of the custodians of the corporation was spread on the newspapers of the land. "A Look At The Books," the advertisement asked, "Or A Finger In The Pie?"

The only trouble with rhetorical questions is that they often call forth the same sort of questions in answer. "A Look At The Books Or A Finger In The Pie?" With the ellipsis common in American vulgate it is slowly dawning on the workingman to reply with a counter question: "And Why Not?" This question too is rhetorical.

ELGIN WILLIAMS

University of Washington

Unemployment and Unemployability

By GLENN W. MILLER

THE INTER-RELATIONSHIP between the amount of unemployment and standards of unemployability has long been recognized but inadequately discussed in texts and non-technical books. Changing standards of employability arising from the amount of unemployment, have direct effect on the problem of dependence of marginal groups of workers, such as the aged, the blind, and workers with other handicaps.

As will be shown, this relationship is not a newly recognized one. Beveridge pointed out the relationship nearly forty years ago in his "Unemployment A Problem of Industry" which is quoted from briefly in subsequent paragraphs. A number of others have commented similarly. But an examination of several of the more commonly used texts in general economics does not reveal a single one that develops this relationship, however briefly, in even an elementary manner.¹ An examination of the standard texts in labor economics shows a somewhat better situation. Here an inter-relationship is frequently recognized but in no instance is it given adequate treatment.² Perhaps this inadequate treatment arises from varying personal evaluations of what is important but this is

¹ These include some of the commonly used texts such as Ise, "Economics"; Blodgett, "Principles of Economics"; Moffat and others, "Economics, Principles and Problems,"; Gemmill and Blodgett, "Economics, Principles and Problems,"; Taussig, "Principles of Economics," and Gemmill and Blodgett, "Current Economic Problems."

² Recent labor problems texts such as Owen, "Labor Problems," and Cummins and DeVyer, "The Labor Problem in the United States" have only inadequate treatments of the subject. Less recent texts such as Yoder, "Labor Economics and Labor Problems"; Stein, Davis, and others, "Labor Problems in America"; Watkins and Dodd, "Labor Problems" and Macdonald, "Labor Problems and the American Scene" are equally inadequate. Lester, "Economics of Labor"; Daugherty, "Labor Problems in American Industry" and Taft, "Economics and Problems of Labor" have more adequate comments at least on some phase of the problem. This is also true of Millis and Montgomery, "Labor's Risks and Social Insurance" although their work was not meant primarily for textbook use.

doubtful in many instances. In the latter cases, it seems an omission of significant proportions. Even in the labor economics texts certain of the authors make no attempt to show that the amount of unemployment influences markedly the standards of unemployability existing at a certain time. A few of the comments showing a clearer recognition of the inter-relationship are reviewed later.

I

IT IS RATHER COMMON, when defining "unemployment," to exclude the "unemployables," but there are few efforts to show that our concept of who is employable—from the standpoint of the employer—varies with the number of persons available. Employability does vary widely, however, and the variation is important. As Beveridge said many years ago:

The decision of the employer that a particular man is or is not worth employing depends upon the chance of getting a better man in his place; his standards will rise and fall with the fluctuations of the labor market. It is, therefore, quite impossible . . . to segregate a definite class of the unemployable.³

These widely varying standards of employability are convenient. During the depression of the Nineteen Thirties, many persons salved their conscience by the assumption that a large portion of the millions of unemployed were unemployable. It is true that they were unemployable under the existing economic conditions, but many of those "unemployables" became employable five or ten years later. In the feverish war prosperity, they were welcomed back to productive work

Generally speaking, when there is a considerable reserve of unemployed labor, the employer or his hiring representative sees first the *inabilities* or defects in an applicant. But as the pressure of a short labor supply becomes more intense, the

³ W. H. Beveridge, *op. cit.* (1909), p. 136.

employer looks for the *abilities* of the applicant. In other words the question becomes one of what the applicant can be used for with proper and careful placement to take advantage of whatever ability the person has. Thus it may develop that age, physical handicaps, limited mentality and the like no longer stand as a bar to employment, especially with pre-job training to provide new skills or techniques.

For most unskilled and semi-skilled jobs the older workers, blind, and otherwise handicapped are the least desirable workers. Consequently, they most quickly become sub-marginal as employment qualifications are raised and are the last to become supramarginal as qualifications are lowered.⁴ There is, thus, a direct relationship between the amount of unemployment and the amount of public dependency. While many writers recognize marginal workers in their discussions, few make any connection between changing standards of employability, the upward and downward shifts in the qualification of marginal workers, and the problem of a person's inability to support himself and his family. As the data become available for the war years and the few years immediately preceding and following them, it should make it possible to prove or disprove this relationship. Fragments of data to be cited later clearly point to such a connection. However, due to the high level of employment maintained in the period immediately following the end of hostilities, the time is not ripe for definitive statistical analysis.

When Beveridge wrote in 1909, he cautioned against the convenient and comforting expansion of unemployability to color the unemployment problem. His precautionary statement, "unemployment is not to be explained away as the idleness of the unemployable,"⁵ recognizes that unemployability

⁴ It is recognized that realistically a worker does not become sub-marginal or supra-marginal in all jobs of any employer or for all employers at the same time. However, this fact does not destroy the general position stated.

⁵ Beveridge, *op. cit.*, p. 12.

is a changing concept. But though it may be true that a man who found himself employable during the war is not now able to find work, it is very difficult to explain the rationale of this situation to the jobless worker.

Of the current authors of labor economics textbooks, Professor Taft gives perhaps the most pointed statement of the relationship:

A worker who finds himself long unemployed is not necessarily unemployable Unemployability is a function of economic conditions rather than a description of inability or refusal to work . . . as employers are normally desirous of employing the more efficient workers . . . workers capable of working, but of less than superior competence will be denied employment or will at least find it more difficult to get employment.⁶

Professor Daugherty makes much the same point:

. . . during periods of prosperity many . . . inefficient workers are hired who are the first to become unemployed when business recedes and who often drift into the ranks of the permanently unemployable.⁷

However, there is here the implication of a class of unemployables who are irrevocably so classified. The facts seem to be that another period of business prosperity will make many of the unemployables once more employable.⁸

To illustrate this general situation, a union official facetiously remarked that in the mid-thirties a man to be employable had to be blond, between 25 and 35 years of age, mentally bright, and physically perfect *or* have some sort of "pull" with the boss. However, he went on, during war prosperity the test of employability was whether or not the body was warm. The statement is overdrawn but the general idea is accurate.

As to the relationship between unemployment and old-age dependency, Professor Lester recognizes the connection and emphasizes it:

⁶ Philip Taft, "Economics and Problems of Labor," 1942, p. 48.

⁷ C. R. Daugherty, "Labor Problems in American Industry," fifth ed., 1941, p. 62.

⁸ For a similar acceptance of the permanence of unemployability see Millis and Montgomery, "Economics of Labor," Vol. 2, 1938, p. 6.

There is a direct relationship between the problem of old-age dependency and unemployment, for unemployment not only eats up any savings, but also affects older workers more severely than workers from 25 to 40 years of age.⁹

II

ONLY LIMITED DATA can be offered at present to illustrate these relationships. However, all information available points to the same conclusion. In Ohio data on the reasons for closing cases of aid to the blind and to dependent children are available from July, 1943. From July through December, 1943, the percentage of the average case load of aid to blind cases closed by reason of employment of recipient was 3.15 per cent; for the first half of 1944 it was 2.21 per cent; for the last half of 1944, 2.43 per cent; from January through June, 1945, 1.51 per cent; July through December 0.93 per cent; and from January through June, 1946, 0.91 per cent.

The closing of aid to dependent children cases is not as unclouded a picture of the employment of marginal workers. However, much of the dependency comes from the fact that members of the dependent family are generally the less desirable workers.¹⁰ For the period from June, 1943, through June, 1946, the percentages of cases closed (to average case load) due to employment of the recipient or some other person in the dependent family was as follows: June through December, 1943, 11.03 per cent; January through June, 1944, 10.10 per cent; July through December, 8.43 per cent; January through June, 1945, 7.16 per cent; July through December, 4.94 per cent; and January through June, 1946, 4.03 per cent.¹¹

⁹ R. A. Lester, "Economics of Labor," 1941, p. 463.

¹⁰ An estimate in the July, 1946, *Social Security Bulletin* based on a 1942 study, suggested 40 per cent of the adults in dependent children's families were available for work. Twelve per cent were estimated to be unemployed at the time of the study. In the same report the comment was made that the war production program affected "the employability . . . of the families receiving aid" (p. 18).

¹¹ State of Ohio, *Public Assistance Statistics*, December, 1945, and *Public Welfare Statistics*, June, 1946, and data supplied directly to the writer from unpublished reports.

Information for roughly the same period and based on social security figures for the nation as a whole show trends similar to those noted. These data are shown in Table I.

TABLE I
RATE OF CLOSING PUBLIC AID CASES DUE TO EMPLOYMENT OF RECIPIENTS
OR PERSONS SUPPORTING RECIPIENTS*

Period	Cases closed because of employment of recipient per 1,000 open cases		Aid to dependent children cases closed because of employment of parent or dependent child per 1,000 open cases
	Old-age assistance	Aid to the blind	
July-December 1943	6.9	12.1	70.6
January-June 1944	6.0	10.6	55.7
July-December 1944	5.1	10.3	51.9
January-June 1945	4.2	9.0	43.7
July-December 1945	3.0	6.0	35.8
January-June 1946†	3.9	7.6	39.0

* Material supplied in a personal letter from A. J. Altmeyer, Commissioner, Federal Security Administration.

† "With respect to the closing rates of public assistance cases because of employment, it should be noted that the data for January-June 1946 are not entirely comparable with earlier periods owing to a change in the basis of reporting. After January 1946, a case was reported as closed because of employment if the employment materially changed the economic circumstances of the recipient. Previous to this time, cases were reported as closed because of employment only if the employment increased the resources to such an extent that the recipients were ineligible for assistance on the basis of need. The increase in these rates, therefore, between the last half of 1945 and the first half of 1946 is probably the result of change in method of reporting rather than increased employment." Quoted from a letter of Feb. 3, 1947, from the Acting Commissioner of the Social Security Administration.

These data, though they do not extend back far enough, show clearly that when a strong sellers' labor market existed a much larger portion of dependent persons could find work and take care of themselves than is the case when demand for labor eases.

Other data from the Social Security Board for the nation as a whole lead to the same conclusion. The statistics cover the period from 1940 to 1944, a period with unemployment ranging from perhaps 7.5 million in 1940, through the war years when in late 1943 and 1944 our unemployed reached a figure unprecedented in recent times of 0.75 million or less. Dur-

ing this period the total labor force increased about 6.5 million more than the "normal" increase would have been. This meant that many persons who would not have entered or stayed in the labor market did so. Of course, many of those were not "unemployables" under any circumstances but had not chosen before to become a part of the labor force. However, some of those who found jobs were persons from the "fringe" of the labor market.¹² In early 1940 old age assistance was being given to over 1,900,000 recipients; by mid-1942, this number had climbed to 2,250,000; from that time, it dropped to about 2,050,000 in mid-1945 when it began to climb slowly again, increasing by more than 100,000 from mid-1945 to Fall, 1946.¹³

Much the same situation was shown in aid to dependent children. In early 1940 about 800,000 were receiving aid, by early 1942 this figure had risen to almost 970,000; by late 1944 it had fallen to 630,000 and, after remaining relatively steady for some time, began to climb sharply about the end of 1945, climbing over 230,000 by fall, 1946.¹⁴

Aid to the blind figures do not show as wide variations numerically but follow the same pattern. Aid was being provided 70,000 early in 1940; this figure rose to 79,000 by late 1942. The number dropped to 71,000 by late 1945. In 1946 it rose steadily, reaching 76,000 by fall.¹⁵

Reports made to and published by the War Manpower Commission, after the labor market began to get very tight, emphasize the fact that older or handicapped workers still have much productive ability when carefully placed.¹⁶ The Commission reported cases of successful employment of per-

¹² Leonard Eskin, "Sources of Wartime Labor Supply in the United States," *Monthly Labor Review*, August, 1944.

¹³ From a personal letter from A. J. Altmeyer; data presented graphically in *Social Security Bulletin*, Volume 9, No. 6, June, 1946, Inside cover.

¹⁴ *Ibid.*

¹⁵ *Ibid.*

¹⁶ *Manpower Review*, Volume 10, p. 1, January, 1943, scattered reports.

sons 60 or 70 years of age who would not have been considered by employers a few years earlier. In addition many seriously handicapped were placed and reports indicated excellent work records.¹⁷

As a result of the war-time policies of the War Manpower Commission, the United States Employment Service pushed the placement of older and variously handicapped workers. However, in spite of their efforts and the credit sometimes taken,¹⁸ it seems probable that workers who previously had been submarginal were hired primarily because of economic pressures and not because of public policy. The early post-war changes in recipients of aid and of closing of public aid cases due to employment point to this conclusion.

III

Summary and Conclusions

A MAJORITY OF TEXT WRITERS ignore or pass too quickly over the relationship between the number of unemployed and the employability of marginal groups, and the problem of public dependency of the less efficient segments of the labor force. This relationship should be recognized and analyzed. The fact should be emphasized that public dependency is a product of society's failure to provide work opportunities as well as of the lack of abilities of the persons receiving aid. It should be made clear that this situation, like many of our economic and social problems, springs from the demonstrated inability of our economy to provide steady jobs for all.

The elusive connotation of unemployment is, while con-

¹⁷ This paper is concerned only with the changing of attitudes toward employability as a result of economic conditions. However, a good case can be made for the employment of older and handicapped workers at any time. Generally they appreciate their jobs more, have lower turnover rates, are more conscientious, and are likely to be harder to organize. See C. L. Shartle, "Occupational Information," Chapter X on "Jobs for the Handicapped."

¹⁸ *C.f. Manpower Review*, Vol. 10, No. 6, June, 1943, p. 10: "It has taken the . . . USES Office 2 years to change completely the attitude of local employers toward older workers."

venient to some, a rather dangerous tool. It could be used very well to explain away all unemployment. Professor Wolfe's observation will serve to illustrate this point:

There are always grades of any factor which are submarginal . . . in any given state of the arts. We cannot assume that all the units of a given factor are homogeneous. . . . There is a . . . margin of factoral efficiency . . . regardless of price, below which margin inferiority of grade precludes utilization. . . .¹⁹

For the purposes of this paper, one phrase of Professor Wolfe's statement may be changed from "any given state of the arts" to "any given level of business activity." Thus it can be argued that with any amount of unemployment the persons who are out of work are those who, because of age, or physical or mental handicaps, are below the margin and are therefore not to be utilized—they are, under the circumstance, *unemployable*.²⁰ Some persons will hold that this is a *reductio ad absurdum*. Perhaps so; certainly the argument is not *reasonable* in the light of the demonstrated ability of many persons to work effectively when at some earlier date they had been unable to get work. But from the *standpoint of logic* it can be argued that the person who is unable to qualify for a job at a given time is unemployable under the conditions existing at the time. As soon as the existence of unemployability is accepted, the amount of unemployment estimated rests on the assumptions as to the conditions which make a worker capable of employment. Certainly in many cases, when there was a surplus of labor, the hiring standards established have been much higher than were necessary to provide, with proper placement, reasonably capable and efficient

¹⁹ A. B. Wolfe, "Full utilization, equilibrium, and the expansion of production," *Quarterly Journal of Economics*, Vol. LIV, No. 4, August, 1940. Reprinted in "Readings in the Social Control of Industry," 1942, p. 429.

²⁰ For this statement to be completely true, we would have to assume that all persons holding jobs held them because of their superior ability when compared with those not working. This assumption certainly cannot be completely fulfilled.

workmen. However, the standards probably were no higher than could be met with the existing labor reserves.

"Sixty Million Jobs" may then be the only way of keeping employers' standards of employability at some level that bears a reasonable relationship to the productive capacities of workers. But the manner in which we can provide reasonably full employment is not clear. If we do not accept Beveridge's conclusion "that the only sovereign remedy yet discovered by democracies for unemployment is total war,"²¹ then what is the remedy? Clearly war is one remedy. But is it the *only* remedy? That is perhaps the most crucial question facing the American economy today. If the American economy is to survive we must find a negative answer to the question.

²¹ W. H. Beveridge, "Full Employment in a Free Society," 1944, p. 112.

Church Real Estate

A Study in Church Reputability*

By STANLEY H. CHAPMAN

IF, AS VEBLEN HAS WRITTEN, "the possession of goods, whether acquired aggressively by one's own exertion or passively by transmission through inheritance from others, becomes a conventional basis of reputability,"¹ and if Veblen's canons of reputability are applicable to institutions, then an examination of the real estate holdings of churches in a community should afford some index of the community esteem for denominations.

If, again as Veblen has written,

Institutions are not only themselves the result of a selective process which shapes the prevailing or dominant types of spiritual attitude and aptitudes; they are at the same time special methods of life and of human relations, and are therefore in their turn efficient factors of selection.²

then the criteria of social position which operate in respect to churches will also operate upon the individual members of the community participating in them and again jointly upon individuals and churches.

It is therefore proposed to examine the real estate holdings of the churches in an industrial New England city—New Haven, Connecticut—a community which displays a wide variety of economic activity, ranging from agriculture to highly developed industry and business finance. In population New Haven is an amalgam of first settler English stock, of members of most of the waves of immigration to the United States, of Negroes, and of the offspring of all these groups.

* Some of the material and discussion of this paper was presented to the Fifteenth Annual Meeting of the Eastern Sociological Society, New York, April 22, 1944, as "Ecological Aspects of the Churches of New Haven."

¹ Thorstein Veblen: "The Theory of the Leisure Class," New York, The Viking Press, 1931, Modern Library Edition, p. 29.

² *Ibid.*, p. 188.

The city thus presents a significant case study of an urbanized cosmopolitan region. Since population diversity has paralleled economic diversity, New Haven has maintained continuity of colonial stock and at the same time has achieved complexity of population, society, and culture. For the purpose of such a study as this, there is another recommendation for New Haven. From earliest colonial days, the church has been a prominent institution. With the development of the city, that prominence has changed in both kind and implication; but the church has always been visibly to the fore.

There were in 1941-1942 112 churches active in New Haven with a qualifying minimum of twelve months' recognized existence. From the founding of the colony in 1638 until 1750 all churches had been Congregational. From 1750 to 1810 there were only Congregational and Episcopal churches. In the decade of 1840, Catholic and Jewish churches became active. The chief denominations as reported in *Religious Bodies* for 1936 show the following strength:³

<i>Denomination^a</i>	<i>Number of Churches^b</i>	<i>Total Membership^c</i>
Congregational	10	6,884
Episcopal	12	9,587
Methodist	10	3,870
Baptist	7	2,847
Universalist	1	401
Presbyterian	2	241
Lutheran	3	1,659
Roman Catholic	20	71,161
Jewish	18 ^d	24,700

a. These denominational categories are inclusive, except for the Negro Methodist groups, which are not included.

b. These figures are for churches reporting to the Bureau of the Census.

c. The definition of membership is not standard, and therefore these figures are not strictly comparable.

³ U. S. Bureau of the Census: *Religious Bodies*, 1936, 1: 600-601.

- d. The number of Jewish churches here given is not in accordance with available local information, which is 13. The Greater New Haven area may have been used rather than the smaller city.

This is the end result of the first ten churches to be organized in different denominations:

(1) Center Church	(Congregational)	1639
(2) Trinity Church	(Episcopal)	1752
(3) First Methodist Church	(Methodist)	1811
(4) First Baptist Church	(Baptist)	1816
(5) Christ Church	(Roman Catholic)	1833*
(6) First Universalist Church ...	(Universalist)	1836
(7) Temple Mishkan Israel	(Jewish—Reform)	1840
(8) Trinity Evangelical Lutheran Church	(Lutheran)	1865
(9) First Presbyterian Church ...	(Presbyterian)	1873*
(10) First Unitarian Church	(Unitarian)	1893*

* These churches did not persist. The first Catholic church to endure was founded in 1848; the first Presbyterian in 1886. There is no Unitarian church in New Haven today.

For purposes of convenience, denominations (of which there are some forty in the city) and undenominational churches have been classified into four Church Groups: Jewish, Catholic, Protestant, and Other. In order they rank by diminishing age and stand in sequence or related evolution. Other categories are available. But these appeal because they are socially relevant. The second and fourth alone require comment. Eastern (Orthodox) and Western (Roman Catholic) churches have a common background and show signs of merging in this country into an eventual single denomination under Rome. A special category seems called for in the case of distinctly neither Christian nor Protestant denominations, such as Bahai and Spiritualist. The Salvation Army is arbitrarily assigned with these to the Other Group because it has never been accepted in New England on equal terms with the old line denominations or even with the newcomers.

By Church Group, New Haven's 112 churches may be classified: 13 Jewish, 24 Catholic, 69 Protestant, and 6 Other. They are distributed according to Table A—Ecological Distribution of Churches by Church Groups, Davie Districts, District Types. This follows the ecological analysis developed by Professor Maurice R. Davie,⁴ who has described 25 ecological areas (See Table B, New Haven Areas by Predominant Characteristics), which in the literature of the field are known as Davie Districts—here called merely Districts. These 25 are capable of classification into seven District Types:⁵

<i>District Type</i>	<i>District</i>	<i>No. of Districts</i>	<i>Characteristics</i>
A	1, 17	2	Upper Class Residential
B	2, 10, 14, 16, 18, 22	6	Upper Middle Class "
C	3, 7, 8, 9, 11, 12, 15, 19, 20, 21	10	Lower " " "
D	4, 5, 6, 13	4	Lower Class Residential
E	Central Business	1	Business
F	Industrial	1	Industrial
G	Yale University	1	Yale University

For purposes of comparison, Table C—Distribution by Davie Districts According to Religion of Head of Family—provides the constituency basis for churches and denominations. To round out the constituency picture, Table D gives distribution of minority churches by Church Groups and District Types.

Church real estate, to which the previous analytical appa-

⁴ "The Pattern of Urban Growth," in "Studies in the Science of Society," ed., G. P. Murdock, New Haven, Yale University Press, 1937, pp. 133-62.

⁵ A six-category classification is used by G. E. Evans, "Social and Geographical Distribution of Dispensary Cases of Rheumatic Fever in New Haven," in "Rheumatic Fever in New Haven," ed., John R. Paul, Lancaster, Pa., Science Press Printing Co., 1941, pp. 93-108. A four-category classification is used by M. R. Davie and R. J. Reeves, "Proximity of Residence Before Marriage," *American Journal of Sociology*, Jan., 1939, 44: 514-7.

ratus will be applied, is of two kinds—tax-paying and tax-exempt. Of the two, the second is the greater in volume and the more general. The Grand List of the City of New Haven totaled \$256,501,135 for real estate; for various types of statutory categories, there were exemptions of \$139,850,499. Exemptions for church buildings were \$5,871,570; for all church-owned real estate, \$8,829,803. Tax-paying property owned by churches was assessed at \$1,365,080. In all, church property totaled \$10,194,883, or 3.9 per cent of the Grand List. The number of churches owning tax-exempt or church property was 97, out of a possible total of 112. The churches with no property holdings were all Protestant (11) or Other Group (4).

The church-owned is but a small percentage of the total property of the community, and even in the exempt category, churches are not prominent, ranking quite secondarily to schools and other public property. Indeed, Yale University alone claims a tax exemption of more than \$68,000,000, or nearly eight times as much as all the churches together. The overall picture of tax exemption is as follows.

Exemptions comparable to that enjoyed by church property were for schools, for New Haven services, cemeteries, and Yale University:

Exemptions for schools:

Private	\$ 382,400	
Public	7,578,905	
Parochial (Roman Catholic) ...	2,139,915	\$10,101,220
Exemptions for City of New Haven facilities		\$21,719,495
Cemeteries		\$ 930,265
The Housing Authority of the City of New Haven		\$ 2,301,010
Yale University		\$68,660,905

In Tables E and F there is presented a summary of tax-paying and tax-exempt church-owned real estate by

Church Group, Davie District, and District Type. Table G extracts the same data for tax-paying property and separates it for minority and non-minority churches. Table H presents an analysis of tax-exempt real estate for minority churches.

By comparative totals of tax-paying property, the Church Groups stand in order of wealth Protestant, Catholic, and Jewish. When their total holdings are averaged for the number of churches in each group, the results stand Protestant \$126,359, Catholic \$10,580, and Jewish \$10,213. By totals of tax-exempt real estate, the order is Protestant, Catholic, Jewish, and Other; the Church Group average-per-church gives the order Catholic \$161,145, Protestant \$75,957, Jewish \$38,083, and Other \$30,870. Tax-exempt property by District Type presents a Church Group bar-graph pattern given on Table I—Protestant holdings bulk largest in the two best residential District Types and in the Business and University areas; Catholic, in the third and fourth District Types. The Protestant concentration is in B and E; the Catholic in C.

Thus the Protestant Group shows stronger investment in the better residential district types and in the earliest area of settlement—the present central business district. It might be said that Protestant Group holdings display, in their tax-exemption, the enjoyment of privilege by those accustomed to established community position. It might be said that the Catholic and Jewish Groups display the enjoyment of privilege from association, since church norms were set by the Protestant colonizers. Insofar as church property exceeds in valuation and quality of appointments the requirements of mere utility, an element of conspicuous consumption characterizes it. Such excess of property over the demands of utility involves a pious ostentation, the tax-exemption of which constitutes a culturally and politically approving recognition of a basic non-utility.

Taken with Veblen's classic analysis of conspicuous consumption as the badge of reputability and decorum, the following passage from Henry George offers a theoretical analysis that may be taken as the point of departure for some concluding speculation:

Since the motive of ostentation in the use of wealth is simply to show the ability to expend wealth, and since this can be shown in the ability to pay a tax, taxes on ostentation pure and simple, while not checking the production of wealth, do not even restrain the enjoyment of wealth. But such taxes, while they have a place in the theory of taxation, are of no practical importance. Some trivial amount is raised in England from taxes on footmen wearing powdered wigs, taxes on armorial bearings, etc., but such taxes are not resorted to in this country, and are incapable anywhere of yielding any considerable revenue.⁶

We have no vanity taxes on property, although we do enjoy a thorough program of luxury taxes. The incidence of taxation upon the middle area between undebatable luxuries and essentials is not to be examined here. Nor is the nebulous, or at best uncertain, question of church membership. Denominations within Church Groups do not employ the same basis of reporting members for the *Census of Religious Bodies*.⁷ It is undeniable, however, that there are many New Haveners who do not attend any church, who do not belong to any church. Of these, many are in turn property-owners and tax-payers who pay a rate higher than would be necessary were New Haven churches not exempted.

Two facets of this question are worth mentioning. The negative taxation has its positive rate-paying incidence upon members of one church whose denomination is relatively little advantaged. They accordingly pay, directly in taxes or indirectly in rent and rent-priced goods and services, for the conspicuous consumption of other Church Groups, other de-

⁶ "Protection or Free Trade," New York, Robert Schalkenbach Foundation, 1940, p. 287.

⁷ Q. v.

nominations, and other church members. The line of reasoning can be carried to the point, in fact, where it can be said that unless one belongs to a select church and denomination, he is thus burdened.

The second facet of the present tax pattern is the visible expense to the city treasury caused by churches and their activities. These activities and the resulting expense involve fire, police, and public works supported by Grand List levies. It should be mentioned that there are offsetting expenditures from church funds in good works and intangibles that might otherwise need to be matched by city moneys. Exact balancing of accounts is impossible from available data. The conclusion of this train of inquiry leads again to Henry George, who observed of tax preferences for entrepreneurial ventures:

All experience shows that the policy of encouragement, once begun, leads to a scramble in which it is the strong, not the weak . . . that succeed.

On the whole, the ability of any industry to establish and maintain itself in a free field is the measure of its utility, and that "struggle for existence" which drives out unprofitable industries is the best means of determining what industries are needed under existing conditions and what are not.⁸

A general and quite abstract justification for such preferential treatment of the institutional property holdings of the church can perhaps be found in Keller's large dictum, "The great service of religion to early man was the discipline it enforced upon him."⁹ It encouraged thrift. The same author, in commenting on the non-utilitarian consumption of goods and services in the guise of sacrifice enlarged and qualified this opinion:

It is necessary to look squarely at the actual loss and waste of sacrifice, for they were actual. No evolutionist can believe, however, that there were no compensating advantages capable of conferring survival-value upon the practice. Sacrifice, by destroying capital and other advantages in living, entailed increased effort and exercised a "discipline through fear."

⁸ *Ibid.*, p. 96.

⁹ Albert G. Keller, "Starting-Points in Social Science," Boston, Ginn & Co., 1923, p. 138.

The reality of the loss is undeniable; it cannot be argued away; the only question is as to the value of the compensating advantages which were conferred by the system.¹⁰

The distinction between sectarian sacrifice on temple altars and what began as theocratic subordination of Caesar's revenue base to God's is a real one, not here to be slurred over. Culturally and economically, however, the point can be argued in favor of church tax exemptions.

In a modern city whose origin lay in theocracy, there is no problem of tracing the origin of tax exemption for church real estate. Caesar did not levy upon God, particularly when Caesar was the temporal arm of God's kingdom. The practice, however, of contemporary times takes new significance. There is today no established community religion; competing families of churches all enjoy exemption. Lord Stamp calls such usage negative taxation,¹¹ as part of a fiscal device whereby the State, in granting exemption, gives real or quasi subsidy to person or practice.

"For whosoever hath, to him shall be given." The perquisites of institutions and substance accrue to those who are the participant heirs of institutions and who in their own right as well as by association are habituated to economic competence. Tax exemption does not occur as an independent consideration. Church tradition, church-state separation, the reputability of continued enjoyment of wealth, precedent—these and other considerations complicate the question.

The question may, however, arise. In 1933 Abraham Epstein shocked many sensibilities by writing, "If experience ultimately shows that adequate taxation drives wealth into tax-exempt securities, the simplest device for dealing with this is to eliminate the word 'exempt.'"¹² Many political and

¹⁰ William G. Summer & Albert G. Keller, "The Science of Society," New Haven, Yale University Press, 1927, 2: 1222.

¹¹ Josiah Charles Stamp, "Taxation," *Encyclopaedia Britannica* (1941), 21: 840.

¹² *Insecurity—A Challenge to America*, New York, Random House (3rd rev. ed., 1933), p. 663.

social sensibilities are still offended, now that tax-exemption has been removed from all securities in this country. The action is one not likely to be reversed. It may be that the considerations complicating taxation of church property may also be stripped to the bare political and economic elements. We have here one more illustration of the insight of Mr. Justice Holmes:

Our system of morality is a body of imperfect social generalizations expressed in terms of emotion. To get at its truth, it is useful to omit the emotion and ask ourselves what those generalizations are and how far they are confirmed by fact accurately ascertained.¹³

The bare bones of the question have been pointed out by Henry George in recommending the justice and equity of land-value based taxation, which "falls only upon those who receive from society a peculiar and valuable benefit, and upon them in proportion to the benefit they receive."¹⁴

Church Groups in New Haven show a corresponding position on the two scales of ecological distribution and of holdings in real estate. The more advantaged in social-economic ecological rating are also the wealthier. The distribution of tax-paying real estate adds point to these generalizations.

The basis of reputability according to possession of goods is attested by the undisturbed enjoyment by churches of tax-exemption. The 1933 pronouncement of the New York City Affairs Committee can be applied to New Haven and its churches:

Many sound reasons could be advanced for a general policy of taxing all privately owned property which is now exempt, but the present state of American public opinion would not permit this.¹⁵

The balance of pressures described by Thurman Arnold guarantees for the present the inviolable reputability of church

¹³ Oliver Wendell Holmes, "Ideals and Doubts," in "Collected Legal Papers," New York, Harcourt Brace & Co., (copyright 1920), p. 306.

¹⁴ "Progress and Poverty," New York, Robert Schalkenback Foundation, 1938, p. 421.

¹⁵ *New York Times*, Nov. 27, 1933, "Churches Accused of 'Profiting' by Tax-Exemption."

land holdings and their tax exemption: "All tax programs produce unpleasant associations and bitter hostility, and for that reason falter under conflicting pressures."¹⁶ There is general agreement about the undesirability of increased taxes. There is even abstract agreement with the (New York) State Association of Real Estate Boards, which heard Ray Hofford of Albany with approval:

The continuous increase of exemptions has become a cancerous growth upon our tax system, which if not checked will bring dire results.

Every piece of real estate that is added to the exempt roll places just that much more burden upon the private property owner, who is already being crushed by taxes.¹⁷

The average citizen, church member or not, concentrates his agreement upon the danger of new exemption.

The point of view of Mr. Toledano is not general: "I wonder why," he wrote to the *Times*, "in the search for new sources of revenue . . . so little is said about the taxing of church property used for commercial purposes."¹⁸ Still rarer is the opinion expressed by the Rev. Walter W. Reid, of Tomkins Cove:

Let the churches be taxed. It possibly will be said that this suggestion deprives the church of its rights. Not of its rights but of a privilege granted to it by the State.

It is my firm conviction that the taxing of church property will enhance the self-respect of churches and churchmen, and that it will bring the churches into a more favorable light in the eyes of that not inconsiderable number of persons who do not look upon organized religion with particular kindness.

If churchgoers love their church, they will support it whether taxed or untaxed. If they do not love it, no amount of begging, no charity from the State can save it.¹⁹

The note of churchmanly concern for the opinions of the unchurched is a rare one in serious organized religious discus-

¹⁶ "The Symbols of Government," New Haven, Yale University Press, 1935, p. 116.

¹⁷ *New York Times*, October 22, 1933, "Against Tax Exemptions."

¹⁸ *New York Times*, September 21, 1933, "Taxing Church Property."

¹⁹ Letter to *The New York Times*, October 4, 1933.

sion. The official federal *Census of Religious Bodies* itself, curiously enough, does not arrive at a no-church count by subtracting local memberships from local total population. This reflects a blind spot in American thinking that is not duplicated in politics, where Republican, Democratic, and other party memberships are conscientiously considered in relation to the total body of voters in order to determine the independent vote. It does not occur in business, for the difference between customers or clients and total potential buyers is considered sales potential, disinterested for cause, or antagonistic. This matter, however, is one for the intellectual historian, the student of organized religion, or the specialist in social institutions.

The initial Veblenian observations would seem to be borne out in the correlation of social prestige of church constituents and municipally recognized wealth. The invidious criteria of individual and class status would seem to find reflection in the physical appurtenances of their social-religious exercises. At least in real estate, the church is one institution among many, exhibiting the stigmata of the prevailing culture.

The note of economic-political criticism to be found in the references to Henry George looks beyond the existing major and minor institutions and their established functioning to an ideal readjustment in terms of greater civic and personal satisfactions from more wholesome and generally available realities. The enjoyment of the status quo is a satisfaction to those advantaged at present. Given status or authority, the advantaged will automatically strive to perpetuate their perquisites. Where the past conferred the warrant, they will counsel a veneration for tradition; where the present assures, modernity. This is in the nature of social behavior. It is so with all institutions.

Social change, however, is a greater certainty than con-

tinued veneration of currently immutable verities. The church is one of the most dramatically changing institutions in our society. Faulkner describes a trend that may in realization bear upon this analysis:

Religion, like every other phase of cultural life, could hardly escape the influence both of the Industrial Revolution and of the era of reform. At least three tendencies . . . are easily discernible: a trend toward church unity, a further liberation of theology, and a strong movement toward socialized religion.²⁰

The social gospel that appears to thrive today is predominantly one of economic and political responsibility. If Faulkner's representative report is borne out, it is quite possible that tax exemption for church property will be voluntarily relinquished. Henry George gives the criteria of an optimum tax:

The best tax by which public revenues can be raised is evidently that which will closest conform to the following conditions:

- (1) That it bear as lightly as possible upon production. . . ;
- (2) That it be easily and cheaply collected, and fall as directly as may be upon the ultimate payers. . . ;
- (3) That it be certain. . . ;
- (4) That it bear equally—so as to give no citizen an advantage or put any at a disadvantage, as compared with others.²¹

Levies upon church property would not touch economic production; they would be as dependable as membership and attendance, or the assessed value of the land taken out of economically productive use for institutional and special-group purposes; they would be as easily and cheaply collected as any tax with a visible paying group and a dependable basis for calculation, and they would be as directly apportioned as any other than an income tax; they would be certain, if the church in question were sufficiently solvent, to remain in existence.

Bucknell University

²⁰ Harold U. Faulkner, "American Political and Social History," New York, F. S. Crofts & Company, (2nd ed., 1941), p. 580.

²¹ *Ibid.*, p. 408.

APPENDIX

TABLE A

*Ecological Distribution of Churches by Church Groups,
Davie Districts, and District Types*

Davie district	District type	Jewish	Catholic	Protestant	Other*	Total
I	A	..	..	3	..	3
II	B	1	2	4	..	7
III	C	..	1	3	1	5
IV	D	1	4	2	1	8
V	D	..	..	..	..	-
VI	D	..	2	4	..	6
VII	C	..	1	1	..	2
VIII	C	..	..	2	..	2
IX	C	..	..	1	..	1
X	B	..	1	2	..	3
XI	C	..	1	1	..	2
XII	C	1	4	6	..	11
XIII	D	5	..	1	..	6
XIV	B	2	3	3	..	8
XV	C	1	1	13	..	15
XVI	B	1	1	3	1	6
XVII	A	..	1	1	..	2
XVIII	B	..	..	2	..	2
XIX	C	..	..	..	..	-
XX	C	..	..	..	..	-
XXI	C	..	1	6	..	7
XXII	B	..	..	..	..	-
XXIII	E	1	..	7	2	10
XXIV	F	..	..	..	..	-
XXV	G	..	1	3	1	5
Total		13	24	68	6*	111*
<hr/>						
Summary: A		..	1	4	..	5
B		4	7	14	1	26
C		2	9	33	1	45
D		6	6	7	1	20
E		1	..	7	2	10
F		-	-	-	-	-
G		..	1	3	1	5
Total		13	24	68	6*	111*

* Bahia not included.

TABLE B
*New Haven Areas By Predominant Characteristics**

Davie district	% of Pop.	Land use	Nativity	Religion	Occupation
I	3.7	1-fam.	American	Prot.	Prof. & Bus. exec.
II	2.3	2-fam.	Mixed	Mixed	Off. wkrs., Dlrs. & Prop.
III	4.0	2-fam.	For.-born	Cath.	Artisans & Laborers
IV	7.5	2-fam. & Bus.	For.-born	Cath.	Laborers
V	2.9	2-fam. & Bus.	For.-born	Cath.	Laborers
VI	8.7	2-fam.	For.-born	Cath.	Laborers & Artisans
VII	5.5	2-fam. & 1-fam.	Mixed	Cath.	Laborers & Artisans
VIII	2.1	Vac. & 1-fam.	Mixed	Prot.	Artisans & Laborers
IX	2.1	Vac. & 2-fam.	Mixed	Cath.	Laborers & Artisans
X	2.3	Vac. & 1-fam.	Mixed	Cath.	Artisans & Off. wkrs.
XI	3.0	2-fam.	Mixed	Cath.	Laborers & Artisans
XII	18.9	2-fam.	For.-born	Cath.	Laborers & Artisans
XIII	1.1	Bus.	For.-born	Cath.	Laborers & Artisans
XIV	2.6	2-fam. & 1-fam.	American	Mixed	Off. wkrs., Dlrs. & Prop.
XV	7.5	2-fam.	Mixed	Mixed	Laborers & Artisans
XVI	9.9	2-fam.	Mixed	Mixed	Dlrs. & Prop., Off. wkrs.
XVII	3.5	1-fam.	American	Prot.	Bus. Exec. & Off. wkrs.
XVIII	2.1	2-fam. & 1-fam.	Mixed	Mixed	Artisans & Off. wkrs.
XIX	0.2	Vac.	2nd gen.	Cath.	Pub. serv. & Dlrs. & Prop.
XX	0.3	Vac. & 1-fam.	2nd gen.	Prot.	Artisans
XXI	6.6	2-fam.	Mixed	Mixed	Artisans & Laborers
XXII	1.9	2-fam.	Mixed	Cath.	Artisans, Off. wkrs., Dlrs. & Prop.

* M. R. Davie, "The Pattern of Urban Growth," in "Studies in the Science of Society," ed. G. P. Murdock, 1937, p. 138.

TABLE C

*Distribution by Davie Districts According to Religion of Head of Family**

Davie district	District type	Per cent distribution by religion of head of family				Total
		Jewish	Catholic	Protestant	None	
I	A	16.4	10.5	71.6	1.5	100.0
II	B	19.6	46.4	32.2	1.8	100.0
III	C	3.2	71.4	25.4	...	100.0
IV	D	2.1	94.6	2.7	0.6	100.0
V	D	...	96.0	2.0	2.0	100.0
VI	D	2.6	81.5	15.9	...	100.0
VII	C	1.0	64.3	34.7	...	100.0
VIII	C	...	30.8	66.7	2.5	100.0
IX	C	...	84.2	13.2	2.6	100.0
X	B	...	53.3	46.7	...	100.0
XI	C	9.0	67.0	24.0	...	100.0
XII	C	20.5	68.9	10.1	0.5	100.0
XIII	D	17.65	64.7	17.65	...	100.0
XIV	B	17.0	31.9	44.7	6.4	100.0
XV	C	16.4	32.9	48.6	2.1	100.0
XVI	B	32.6	30.0	34.2	3.2	100.0
XVII	A	8.7	20.3	65.2	5.8	100.0
XVIII	B	21.0	36.9	42.1	...	100.0
XIX	C	...	75.0	25.0	...	100.0
XX	C	25.0	12.5	62.5	...	100.0
XXI	C	3.0	46.7	49.6	0.7	100.0
XXII	B	6.4	61.3	32.3	...	100.0
XXIII	E	4.8	52.3	38.1	4.8	100.0
XXIV	F	...	...	...	...	...
XXV	G	...	16.7	66.6	16.7	100.0
Average		12.2	56.7	29.6	1.4	100.0
Summary:	A	12.8	15.6	67.7	3.9	100.0
	B	16.1	43.3	39.3	1.3	100.0
	C	7.7	56.3	34.8	1.2	100.0
	D	5.6	84.2	9.5	0.7	100.0
	E	4.8	52.3	38.1	4.8	100.0
	F	...	...	...	...	...
	G	...	16.7	66.6	16.7	100.0

* Adapted from table in unpublished manuscript by Professor Davie on the Ecology of New Haven; based on Sample Family Survey, 5 per cent sample, 1933.

TABLE D
Distribution of Minority Church Groups by District Types

Minority	Church group															Total churches
	Jewish					Catholic					Protestant					
	District Type					District Type					District Type					
	A	B	C	D	E	A	B	C	D	E	A	B	C	D	E	
Danish	1	.	.	.	1
French	1	.	.	.	.	.	.	1
German	1	.	.	.	.	.	3	1	1	6
Greek	1	.	.	.	.	.	.	.	.	1
Italian	1	2	.	.	.	1	1	.	5
Jewish	4	2	6	1	.	.	.	.	.	.	.	.	.	.	13
Lithuanian	1	.	.	.	.	.	.	1
Negro	13	1	.	.	14
Polish	1	.	.	.	.	.	.	.	1
Russian	1	.	.	.	.	.	.	.	1
Swedish	1	1	1	.	3
Syrian	1	.	.	.	.	.	.	.	1
Ukranian	1	.	.	.	.	.	.	.	.	1
Total	4	2	6	1		3	4	4				2	18	4	1	49

Summary of Minority Church Location by District Type and Church Group

Church group	District type					Total churches
	A	B	C	D	E	
Jewish	..	4	2	6	1	13
Catholic	..	3	4	4	..	11
Protestant	..	2	18	4	1	25
Total	0	9	24	14	2	49

TABLE E

*Assessed Valuation of Tax-Paying Church Real Estate by Church Group,
District, and District Type*

Davie district	District type	Church group						Total		Average val.
		Jewish		Catholic		Protestant		No. chs.	Val.	
		No. chs.	Val.	No. chs.	Val.	No. chs.	Val.			
I	A	..	.....	..	.....	..	.....	..	.....	.....
II	B	..	.....	1	\$12,970	1	\$ 8,025	2	\$ 20,995	\$ 10,498
III	C	..	.....	1	7,100	1	3,050	2	10,150	5,075
IV	D	..	.....	2	37,540	1	10,180	3	47,720	15,907
V	D	..	.....	.....	.....	.....	.....	.....	.....	.....
VI	D	..	.....	.....	.....	.....	.....	.....	.....	.....
VII	C	..	.....	1	2,420	1	4,760	2	7,180	3,590
VIII	C	..	.....	.....	.....	.....	.....	.....	.....	.....
IX	C	..	.....	.....	.....	.....	.....	.....	.....	.....
X	B	..	.....	.....	.....	.....	.....	.....	.....	.....
XI	C	..	.....	.....	.....	.....	.....	.....	.....	.....
XII	C	..	.....	1	10,000	..	.....	1	10,000	10,000
XIII	D	..	.....	.....	.....	.....	.....	.....	.....	.....
XIV	B	..	.....	1	3,225	1	19,575	2	22,800	11,400
XV	C	..	.....	.....	.....	4	17,415	4	17,415	4,354
XVI	B	..	.....	.....	.....	.....	.....	.....	.....	.....
XVII	A	..	.....	.....	.....	.....	.....	.....	.....	.....
XVIII	B	..	.....	1	12,060	..	.....	1	12,060	12,060
XIX	C	..	.....	.....	.....	.....	.....	.....	.....	.....
XX	C	..	.....	.....	.....	.....	.....	.....	.....	.....
XXI	C	..	.....	.....	.....	.....	.....	.....	.....	.....
XXII	B	..	.....	1	6,600	..	.....	1	6,600	6,600
XXIII	E	1	\$10,580	..	.....	1	1,200,580	2	1,211,160	605,580
XXIV	F	..	.....	.....	.....	.....	.....	.....	.....	.....
XXV	G	..	.....	.....	.....	.....	.....	.....	.....	.....
Total	.....	1	\$10,580	9	\$91,915	10	\$1,263,585	20	\$1,366,080	\$683,040
Summary:	A	..	.....	.....	.....	.....	.....	.....	.....	.....
	B	..	.....	3	\$28,255	2	\$ 27,600	5	\$ 55,855	\$ 11,171
	C	..	.....	4	26,120	6	25,225	10	51,345	5,135
	D	..	.....	2	37,540	1	10,180	3	47,720	15,907
	E	1	\$10,580	..	.....	1	1,200,580	2	1,211,160	605,580
Total	.....	1	\$10,580	9	\$91,915	10	\$1,263,585	20	\$1,366,080	\$683,040

TABLE F
Assessed Valuation of Tax-Exempt Church Real Estate
by Church Group, District, and District Type

Davie Dist. dist. type	Dist. type	Church group								Total	
		Jewish		Catholic		Protestant		Other		No. chs.	Val.
		No. chs.	Val.	No. chs.	Val.	No. chs.	Val.	No. chs.	Val.		
I	A	..	..	..	..	2	\$ 616,425	..	..	2	\$ 616,425
II	B	1	\$208,145	1	\$ 359,145	5	283,270	1	\$13,000	9	863,985
III	C	..	..	1	325,970	3	56,460	..	..	4	382,430
IV	D	1	3,400	4	558,280	1	161,120	1	48,740	7	771,540
V	D	..	..	..	..	..	..	..	..	..	..
VI	D	..	..	2	221,750	3	49,240	..	..	5	270,990
VII	C	..	..	1	256,160	1	49,565	..	..	2	305,725
VIII	C	..	..	..	..	2	68,140	..	..	2	68,140
IX	C	..	..	..	..	1	33,255	..	..	1	33,255
X	B	..	..	1	7,725	2	96,140	..	..	3	103,865
XI	C	..	..	1	242,290	1	18,635	..	..	2	260,925
XII	C	1	16,075	4	574,350	5	134,580	..	..	10	725,005
XIII	D	5	73,860	..	..	1	28,120	..	..	6	101,980
XIV	B	2	129,950	3	171,960	3	514,425	..	..	8	816,335
XV	C	1	11,600	1	12,575	10	156,988	..	..	12	181,163
XVI	B	1	31,470	1	307,000	3	207,220	..	..	5	545,690
XVII	A	..	..	1	189,470	1	68,500	..	..	2	257,970
XVIII	B	..	..	..	..	2	81,895	..	..	2	81,895
XIX	C	..	..	..	..	..	..	..	..	..	..
XX	C	..	..	..	..	..	..	..	..	..	..
XXI	C	..	..	1	278,285	4	115,105	..	..	5	393,890
XXII	B	..	..	..	..	..	..	..	..	..	..
XXIII	E	1	20,150	..	..	6	1,206,630	..	..	7	1,226,780
XXIV	F	..	..	..	..	..	..	..	..	..	..
XXV	G	..	..	1	362,015	2	459,800	..	..	3	821,815
Total		13	\$495,075	24	\$3,807,475	58	\$4,405,513	2	\$61,740	97	\$8,829,803
<hr/>											
Sum:	A	..	..	1	\$ 189,470	3	\$ 684,925	..	..	4	\$ 874,395
	B	4	\$369,990	7	895,840	15	1,182,940	1	\$13,000	27	2,411,770
	C	2	27,675	9	1,690,130	27	632,728	..	..	38	2,350,533
	D	6	77,260	6	780,030	5	238,480	1	48,740	18	1,144,510
	E	1	20,150	..	..	6	1,206,630	..	..	7	1,226,780
	F	..	..	..	..	..	..	..	..	..	..
	G	..	..	1	362,915	2	459,800	..	..	3	821,815
Total		13	\$495,075	24	\$3,867,475	58	\$4,405,513	2	\$61,740	97	\$8,829,803

Average valuation per church: Jewish, \$30,023; Catholic, \$161,145; Protestant, \$75,957; Other, \$30,870; All groups, \$91,029. Average valuation of churches in districts: Type A, \$218,599; Type B, \$89,325; Type C, \$61,856; Type D, \$63,584; Type E, \$175,254; Type G, \$273,938; All types, \$41,029.

TABLE G

Tax-Paying Real Estate Owned by Minority and Non-Minority Churches by District Types

District type	Church group	No. of churches	No. of pieces of property	Assessor's valuation
Minority churches				
A	.....	..	..	.....
B	Catholic	2	2	\$16,195
	Protestant	1	1	8,025
C	Catholic	1	1	10,000
	Protestant	5	7	20,465
D	Catholic	1	2	27,250
E	Jewish	1	1	10,580
Total	.....	11	14	\$92,515
Non-minority churches				
A	.....	..	..	.....
B	Catholic	1	2	\$ 12,060
	Protestant	2	3	22,955
C	Catholic	3	4	16,120
	Protestant	1	1	4,760
D	Catholic	1	3	9,290
	Protestant	2	2	281,350
E	Protestant	1	6	926,030
Total	.....	11	21	\$1,272,565

TABLE H

*Tax-Exempt Real Estate Owned by Minority Churches by Church Group,
District, and District Type*

Davie district	District type	Jewish	Catholic	Protestant
II	B	\$208,570	\$ 179,735	\$ 76,795
III	C	.....	.....	46,960
IV	D	3,400	673,595	.....
VI	D	.....	39,005	.....
XII	C	16,075	133,510	12,450
XIII	D	73,860	28,120	.....
XVI	B	129,950	171,960	.....
XV	C	11,600	12,575	156,988
XVI	B	31,470	.....	33,050
XXIII	E	20,150	.....	140,365
Total		\$495,075	\$1,238,500	\$466,608
Summary:	B	\$369,990	\$ 351,695	\$109,845
	C	27,675	146,085	216,398
	D	77,260	740,720	.....
	E	20,150	.....	140,365
Total		\$495,075	\$1,238,500	\$466,608

TABLE I: BAR GRAPH

Church Tax-Exempt Real Estate by Church Group, District Type, and Valuation*

Distr. type	Property valuation to the nearest \$100,000																			
	¼	½	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
A			C																	
			c	c																
			P	P	P	P	P													
			P	P	P	P	P	P	P											
B			J	J	J															
			j	j	j	j														
			C	C	C	C	C	C												
			c	c	c	c	c	c	c	c										
			P	P	P	P	P	P	P	P	P	P								
			P	P	P	P	P	P	P	P	P	P	P	P						
	(O)																			
	(o)																			
	C	(J)																		
		(j)																		
			C	C	C	C	C	C	C	C										
			c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	c	
D			P	P	P	P	P													
			P	P	P	P	P													
E	(J)																			
	(j)																			
			P	P	P	P	P													
			P	P	P	P	P	P	P	P	P	P	P	P						
G			C	C	C															
			c	c	c	c														
			P	P	P	P	P													
			P	P	P	P	P													

* Key: J—Jewish. Capital (J, C, P, O) represents churches.
 C—Catholic. Lower case (j, c, p, o) represents all property.
 P—Protestant.
 O—Other.

Each letter represents \$100,000, except those in parentheses.

Land Reform in Germany, U. S. Zone

By PAUL UCKER

GERMANY'S COLLAPSE after World War II and the ensuing mass migration of Germans from border countries has reopened, on a scale never before seen in Central Europe, the question of how to solve new social problems for millions of persons unwillingly streaming back to a country they had left years or generations before. Rump Germany was presented the problem of resettling an estimated 7,000,000 Germans who lived in the ceded or expropriated territories and almost 4,000,000 from Sudetenland and Hungary.¹

More recent figures, published in the American press within Germany² distinguish between two additional classes. One is that of the "expellees" in the American Zone, persons who lived outside German frontiers prior to March, 1938, and who came into the country before January, 1945. These are the so-called "repatriated Folk Germans." Among them there are about 1,700,000 Sudetenlanders and more than 700,000 Silesians. The other is that of "evacuees," German displaced persons who are being returned to their homes. Of these there are several hundred thousand in Bavaria alone.

A rational system of land tenure and a sound distribution of agricultural property always have played a most important rôle in improving social conditions after a lost war. On this account, land reforms in all four occupational zones of Germany seem to be of great urgency again, just as was the case after the first world war. At that time, it will be recalled, the Weimar Constituent National Assembly passed a national law on land reform and settlement³ which was

¹ S. G. Wennberg, "Some Economic Problems of Allied Occupation Policy in Germany," *AM. JOUR. ECON. SOCIO.*, Vol. 5, No. 4 (July, 1946), p. 437.

² *The Stars and Stripes*, Nov. 10, 1946.

³ *Reichsiedlungs-Gesetz*, Nov. 8, 1919.

subsequently sabotaged by the great landowners and their political lackeys.

In view of the lack of accurate statistical data with respect to the greater part of agricultural Germany (Soviet Zone),⁴ this paper will be limited to land reform plans in that part of Southern Germany which lies within the jurisdiction of the American Military Government. The new German civil administration within the American Zone, called "Länderrat" or German Council of States for U. S. occupied Germany, drafted in Stuttgart, on Sept. 17, 1946, a "Law on the Acquisition of Land for Settlement Purposes and for Land Reform," which has been promulgated in all three Länder.

Before going into an analysis of this settlement law, it would be well to review some geographical details about the extent of the United States zone of occupation. According to General George C. Marshall, it "includes the whole of Bavaria, Württemberg, Hesse and Hesse-Nassau and the Northern portion of Baden, and, in addition, a portion of Berlin and the ports of Bremen and Bremerhaven."⁵

Out of a total of 182,471 square miles, with a population of 69.5 millions (figured according to Germany's restricted borders of 1937), the U. S. zone, exclusive of the three cities in the north, consists of the following:

	(In square miles)		
	Total area	Arable land	Arable area of large scale farms*
Bavaria	26,911	15,513	502
Württemberg-Baden	6,018	3,703	90
Greater Hesse†	8,147	4,217	142
Total	41,076	23,433	734

* Farm property with agriculturally usable land of more than 100 hectares (= 1 Km² or 0.386 sq. mi.), according to the above-mentioned settlement law, are considered major agricultural enterprises.

† The American Military Government established this new political entity, consisting of the former Prussian province of Hesse-Nassau and Kur-Hesse.

⁴ Further research is being carried on into the application of the land reforms.

⁵ *Biennial Report of the Chief of Staff of the United States Army*, Washington, 1946, Fighting Forces Series, p. 173.

From this table it would appear that large agricultural estates of approximately 250 acres or more arable land amount to only 3 per cent of the total of agriculturally usable land within the American zone. As a matter of fact, in Bavaria there are 700, in Greater Hesse 172 and in Württemberg-Baden only 97 such larger units⁶ which were of much greater importance in North and East Germany, especially in Pomerania and East Prussia, the area east of the Oder-Neisse rivers now held by Poland.

In the new Bavarian Constitution adopted by the people of the new democratic Free State (Republic), part IV on economy and labor emphasizes the moral and physical rôle which the middle class and the agricultural population—"the two social pillars of Bavaria"⁷—must play in a country whose most valuable economic asset is human manpower (Art. 167). No wonder then, that the new law on acquisition of land for settlement purposes and for land reform principally aims at the acquisition of unused land for the settlement of millions of uprooted refugees and the conservation of a strong agricultural population. Bavaria's State Minister for Food, Agriculture and Forestry distinguishes three main tasks of the settlement law:⁸

- a) to place land at the disposal of new settlers,
- b) to maintain agricultural production, in view of the seriousness of the food situation,
- c) to subject large agricultural property under one ownership to land reform.

⁶ Estimates by the "Länderrat," letter from its Special Delegate for Food and Agriculture, dated Oct. 22, 1946, to this writer.

⁷ "Werdendes Verfassungsrecht in Bayern und Deutschland," in the newspaper *Neue Zürcher Zeitung*, Zürich, Switzerland, Nov. 24, 1946, by Dr. Hans Nawiasky, professor of public law at the Handels-Hochschule St. Gallen, who had been helping a legislative committee to draft the post-war constitution.

⁸ Dr. J. Baumgartner, "Bodenreform," *Bayerischer Staatsanzeiger*, Munich, No. 19, Oct. 5, 1946.

The new settlement law's fourteen articles cannot be considered here in detail, particularly since the Reich Settlement Law of 1919 substantially remains in force. The basic provisions of the new law, however, deserve closer examination.

The purpose of the law, in the language of the official text, is to make small scale farms and use of land for garden plots in rural areas available to persons made homeless and uprooted by war; to offer a new or supplementary economic livelihood to workers and artisans who live in rural areas and who, through changed conditions, no longer have an adequate existence; to encourage farm laborers and their families to remain on the land; to make farm enterprises available to suitable candidates, especially to younger sons and descendants of farmers and landholders, to war invalids or refugee farmers, and to landholders from the east; to strengthen the economic capacity of small farming enterprises by the allotment of additional land (Art. 1).

For these purposes the following land is to be made available in the first instance: landed property of the former armed forces insofar as it is suited for settlement purposes and released by Military Government; landed property requisitioned out of the former property of the Nazi party and former members of it, insofar as its confiscation has been legally ordered under the Law for the Liberation from National Socialism and Militarism; wooded land suitable for conversion into agricultural uses; moor and waste land insofar as it is suited (Art. 2).

The following land holdings may be drawn upon in their entirety or in part: agricultural enterprises the owners of which do not reside on their farms for the greater part of the year and do not themselves operate it; agricultural enterprises and pieces of land which are constantly and in a very sub-

stantial measure badly operated; agricultural enterprises the owners of which have constantly and in substantial measure deliberately failed to make obligatory deliveries; landed property continuously leased (Art. 3).

Agricultural property under one ownership, with over 100 hectares of agriculturally usable land, is to be drawn upon for the delivery of land for the purposes of this law in the following manner: size groups from 100 hectares to 500 hectares, beginning with 10 per cent and increasing to 50 per cent of the area; size groups from 500 to 1,000 hectares, with from 50 per cent to 75 per cent; size groups of 1,000 to 1,500 hectares with from 75 per cent to 90 per cent; size groups of over 1,500 hectares with 90 per cent (Art. 4). Special rules are set up for property jointly owned by heirs, for acquisition of landed property with less than 100 hectares and other cases.

Forested areas, suited for agricultural use, can be substituted for agricultural land in a ratio of 4 to 1, and usable agricultural property of the State, of the Church and other public juridical persons may be subjected to this law under the same regulations as govern private property (Art. 4). The main condition, however, always remains that acquisition of land for the purpose of the Settlement Law must not result in a sustained reduction of production (Art. 6). Most important from a social point of view is Article 8 stipulating that the delivery of tracts of land will be made through transfers to a nonprofit settlement association and that transfer or compulsory acquisition are to be accompanied by compensation. Finally, the settlement association will select the settler among persons who possess adequate technical qualifications, and who are expected to be permanent occupants (Art. 11).

For two or three years, agricultural resettlement as planned under the new settlement law will hardly show practical

results, in the opinion even of the Länderrat itself.⁹ In the meantime, a densely populated Germany will have to rely on foreign help, not being able to feed her population.

How will the settlement law affect Bavaria, in particular?¹⁰ Half of the nearly 17 million people of the U. S. Zone live in the State of Bavaria as created by Proclamation II of the Military Government on Sept. 19, 1945. Compared with pre-war Germany, this state has lost the following territories: the administrative district of the Palatinate, left of the Rhine; the district of Lindau (Lake of Constance), and communities returned to Czechoslovakia.¹¹ According to the above table, only one-third of Bavaria's arable land belongs to the category of large-scale farms of more than 250 acres. Privately owned farm land holdings falling into this category number but 298 out of a total of 500,000 individual farms; 221 of them are properties with an arable area from 250 to 620 acres; 48 have from 620 to 1,235 acres, and 21 have from 1,235 to 2,470 acres. The settlement law affects a total of 62,000 acres in this first group, hardly more land than necessary for 1,250 small-scale farms.

Among farm lands owned by juridical persons, corporations, settlement associations and credit co-operatives, there are 106 larger enterprises, 73 of them with arable land from 250 to 620 acres each, 17 with from 620 to 1,235 acres and 10 with from 1,235 to 2,470 acres. Only four agricultural enterprises comprise arable land of from 2,500 to 5,000 acres and but two have more than that.

The total area of this group subject to be drawn upon amounts to 37,000 acres, making perhaps some 750 small-scale farms possible. Landed property of the former *Webr-*

⁹ "Kommentar zum Gesetz zur Beschaffung von Siedlungsland," by Dr. Schiller, Special Delegate for Food and Agriculture, Stuttgart, Aug. 14, 1946.

¹⁰ All statistical data from Dr. Baumgartner's article, *ibid.*

¹¹ "Statistisches Handbuch für Bayern," by Bayerisches Statistisches Landesamt, Munich, 1946, p. 3 (preface).

macht (armed forces) in Bavaria alone total over 77,000 acres, half of which has not yet been released by Military Government. Part of the remainder, however, namely more than 16,000 acres, already has been handed back to individual farmers.

Bavaria's moor and waste lands cover an area of nearly 500,000 acres, more than a quarter of which should be transformed, within the next few years, into agricultural settlements. There is a last group of usable agricultural property of the State and political communities, some 330,000 acres, and of the churches (240,000 acres), to which the settlement law applies. However, 90 per cent of the latter, owned by religious institutions, already has been leased to small and very small farmers, while the remainder, slightly less than 25,000 acres, has been put at the disposal of social organizations.

In Bavaria, the total land available for settlement purposes might amount to 125,000 acres, *i.e.*, much too little, at the rate of 25 to 50 acres per small-scale farm, for the creation of numerous agricultural enterprises. In the opinion of Dr. Baumgartner, emphasis should be laid, therefore, on the use of land for garden plots in rural areas for farm laborers, workers and artisans, rather than new farming enterprises for landholders.

Actual benefits from the settlement law in either of the three parts of the American Zone, as noted above, will unfortunately come slowly, for various reasons.¹² A "surgical operation" only, says Dr. Robert Hermann Dietrich, the Länderrat's Food and Agriculture expert, will accelerate the execution of the law, which, quite openly, is opposed by landowners and Government circles.¹³ There are attempts

¹² The settlement committees have been given a complicated structure, consisting of thirty to forty persons, representing up to twenty different bodies interested in agriculture.

¹³ "Opposition gegen die Bodenreform," *Die Neue Zeitung*, American bi-weekly for the German population, Munich, Dec. 23, 1946.

to revive old privileges of the royal house of Württemberg, for instance, declaring its land holdings "property of politically persecuted people" or "sample farms," in order to escape the application of the settlement law. There is also opposition in Bavaria on behalf of the Bishop of Regensburg, probably because Prince von Thurn and Taxis owns large landed property in his diocese.¹⁴

¹⁴ *Ibid.*, p. 3.

Chicago

Sugar Cane and Coffee in Puerto Rico, III

The Struggle of the Landless Proletariat Against the Sugar Monopoly

By RAYMOND E. CRIST

VIII

TO RECAPITULATE, the rapid development of the coffee industry during the nineteenth century was paralleled by the decline in the production of sugar, for various reasons: capital and credit were scarce, agricultural techniques were not improved, disease decreased the yields, slave labor was inefficient, and for some years after the abolition of slavery cheap free labor was hard to obtain, and the transportation net was very poor. In other words, after three hundred years of emphasis and aid directed toward the sugar industry, sugar was outstripped by the newcomer, coffee. American control of the island, after 1898, saw the beginning of the concentration of land in the hands of sugar growers, who profited from the American tariff system. Since the United States tariff was designed to protect from foreign competition products grown or manufactured on the mainland, sugar and tobacco, produced in Puerto Rico as well as in the United States, benefited from the tariff. Coffee, not produced on the mainland, did not receive tariff protection. Thus the gradual decline of the coffee industry has been concomitant with the process of concentration of land in the hands of the sugar growers and with the emphasis on monoculture.

But even at present, when the outlook for the coffee industry is still gloomy, there is a large acreage planted to that crop. Since coffee raising has traditionally, and of necessity,

been in the hands of relatively small independent farmers, protection would have meant more money in the pockets not only of the growers but of the workers too, with consequent improvement upon the cultural landscape. The tobacco growers—also relatively small independent farmers, whose industry has always enjoyed protection, have made of the tobacco growing areas the most prosperous and most smiling agricultural sectors of the island. Therefore it would appear to be going somewhat far afield to blame hurricanes, loss of the Spanish market, erosion, diminishing yields, and so forth, for the gradual decline of the coffee industry, when the real cause has been the lack of assurance, since 1898, of a fair price per pound for every pound of Puerto Rican coffee produced.

Thus, the same island on which coffee was the chief export crop in the nineties, fifty years later was forced to import coffee to meet the domestic demands, whereas sugar plantations, that were being converted into cattle ranches at the time of the American Intervention, soon became profitable as sugar producers again, under the preferential tariff. But the monopoly of land grew so overwhelming in this bonanza industry that the great mass of the people were filled with a despairing sense of injustice and frustration, ready to follow any leader that promised speedy relief. It was not a question of the more abundant life, but a problem of sheerest animal survival, and the island-wide dissatisfaction engendered in the struggle supplied the major impetus to the enforcement of the 500 acre law against the corporations.

In the war against Spain in 1898 the United States occupied Cuba and Puerto Rico. Soon after the war Cuba was granted her sovereignty and became an autonomous republic. Puerto Rico, for strategic purposes, continued to be held by the United States with the political status, since 1900, of a U. S.

Possession. But economically the island was always an integral part of the United States. Capital from the mainland made itself at home on the island, particularly in the sugar business. There was an emphasis on cane to the neglect of coffee. The profits from cane were in large part siphoned off to the states instead of being ploughed back into the island. The three largest absentee companies left in Puerto Rico only one-fourth of their profits of \$81,000,000 in the 1920-1935 period.²¹

There is a crying need for higher capital investment, rationalization, and complete technical re-equipment in every phase of activity on the island, save in the sugar industry alone. But withal the modern technological processes that have been introduced into the sugar mill, the landless day laborer in the cane field remains in the hoe and oxcart and machete stage of development, and he is paid according to the standards of pre-industrial society. The high-salaried sugar chemist in the mill sits in the rarefied atmosphere of economic Olympian heights, far removed from the low-wage cane cutter grubbing away in the stifling humid air on the earth below; for the vigilance of the chemist saves the company his yearly salary many times over, but the efficiency of a man with a hoe and a machete merits only the poorest remuneration. Although it may well be true that the cash income from a single acre planted in cane is equal to the income that could be derived from as many as four to twelve acres planted in food crops, nevertheless the advantage is of little practical benefit to the mass of poorly nourished Puerto Ricans, who have little share in the sugar income. If mechanization is introduced all along the line, and if workers are freed from endemic diseases and are enabled to obtain a balanced diet, per capita production for those employed will increase and

²¹ Clarence Senior, "Self-Determination for Puerto Rico," New York, 1946, p. 12.

wages can rise; more food and social services can be purchased, island-wide production and well-being will increase in an upward spiral. How can the worker get a better diet, which would help step up efficiency? They must either grow more food or import more; since sugar has preëmpted most of the good land on which the growing of foodstuffs would have been possible, it would seem logical and necessary to import more food. But how can Puerto Rican workers continue, with their present miserable wages, to buy food in the market of continental United States, in competition with workers earning five to ten times as much? Yet as long as the sugar interests can survive only behind the U.S. tariff wall, so surely will the Puerto Rican laborer be forced to pay American prices for consumers' goods, instead of bidding freely on the world market for cheaper produce. Thanks to these restrictions, some \$5,000,000 per year is added to the cost of rice, mainstay of the Puerto Rican diet, and from 10 to 35 per cent is added to the cost of shoes, which are an essential in tropical Puerto Rico to the prevention and control of hookworm. To be sure, some students of the situation maintain that the benefits of the sugar tariff far outweigh the added costs of the imported necessities. Be that as it may, it is still apparent to even the most casual observer that Puerto Rican workers have been ground extremely fine between the upper and the nether millstones, that is, between metropolitan industrial prices and colonial preindustrial wages. Confronted with this impasse, a substantial number of Puerto Rican leaders have lost the belief in the capacity of the sugar industry to regulate itself.

Muñoz Marín, brilliant writer and speaker, and the ablest political thinker in the Caribbean, together with Rexford Tugwell, Governor and conscientious student of the Island's problems, worked together in organizing a Development

Bank and an Agricultural Development Company, with the hope that thereby would be provided the new capital and the new techniques that hitherto, under the long regime of government subvention to sugar, masquerading as *laissez-faire*, has failed to be forthcoming. These leaders have at last, in the words of Carlyle, "articulated the dumb, deep want of the people", and in response an aroused insular government is backing hydro-electric development and vocational education, industrial expansion and the redistribution of land. These undertakings will inevitably affect the lot of the long-forgotten man in Puerto Rico.

The close of the war brought far-reaching economic consequences for Puerto Rico; pay checks to the home folks from those in the service dwindled and ceased, the fifty-twenty clubs lost numbers and rum revenues will decrease as soon as whiskey is again distilled in the States. Appropriations for military and federal construction on the island are already smaller. The New Deal was swept into the dustbin by the voters in the United States in the November, 1946, elections. Is it ended for Puerto Rico? Does the end of the New Deal in the United States mean that the Good Neighbor Policy is over too, or is it perhaps in any case not necessary to be neighborly with members of our own political family? Is Puerto Rico a member? Perhaps the Republicans will want to get back to normalcy: will they consider it normal to ask their constituents to pay two or three cents more a pound for Puerto Rican sugar than they would have to pay for Cuban sugar if it came in tariff-free? Perhaps both the constituents and the Cubans will have ideas on normalcy. Will the United States graciously grant Puerto Rico independence—immediate or gradual—as it did the Philippines, now that we can grow a lot of our own sugar behind our tariff wall—and import the remainder more cheaply from

non-U.S. possessions? Will Washington want to continue pumping tens of millions of federal dollars into Puerto Rico each year? But can official Washington ever afford to siphon off the reservoir of good will built up on the island by Franklin Roosevelt, who was loved by the great mass of Puerto Ricans as they loved no other continental American? Can any party in power in Washington afford *not* to solve the Puerto Rican problem by indefinitely adjourning the day when the entire population, enlightened by a prolonged educational campaign in the movies, over the radio and in the press, may hold a plebiscite, and thus democratically determine their political status?

As far as the Puerto Ricans are concerned, it would seem that the key to the question of political status is held by Muñoz Marín, so long as he retains his present hold. The common people generally are in a good bargaining position when they are led by a man of the calibre of Muñoz Marín, wise in the ways of men, whole-hearted in his struggle to obtain better living conditions for his people, sincerely indifferent to the traditional opportunities for enriching himself in office—this scion of a great patriot and idealist comes naturally by his clear vision and his unshakeable belief in the dignity of every human being. Under his guidance, the ballot in the hands of the landless has proved a powerful weapon.

The sugar industry—which Muñoz Marín is reported to have compared to a cow, fed by the Government and milked by the big corporations—long made huge profits for a small number, but such a state of affairs could not continue forever, for it was the very system of monopoly of the land for the use of a single crop that created the landless proletariat, and therewith planted the seeds of its own destruction.

*University of Maryland,
College Park, Md.*

Science and Propaganda

By T. SWANN HARDING

IN THE LIFE of Madam Curie by her daughter Eve, published a few years ago, we have an almost perfect example of propaganda written in terms of the popular myth regarding the somewhat dehumanized and almost impossibly self-sacrificing scientific genius. For some reason the daughter chose to develop a picture of her mother that makes her an almost repellent martyr, with complete disregard for all other values life holds aside from science, and possessed of monotonous, nose-to-the-grindstone industry. Her contempt for honors and her refusal to accept the social and economic control of her discovery by patenting it and preventing its exploitation in the hands of business and medical quacks, add to the melancholy picture of psychopathological self-abnegation. Fortunately, in spite of Eve's care to preserve the myth, the true human woman every once in a while peeks humorously through this dolorous tale of shocking renunciation.

That the book was so written and proved so popular indicates merely that we, the public, have been subjected to propaganda leading us to regard this as a proper portrayal of scientific genius. It rarely occurs to any nonscientific reader that the woman described (fortunately not the real Mme. Curie) would possibly have been otherwise than as she appears in this faintly nauseating stereotype. On the other hand most scientific workers, especially those engaged in research, are rapidly disgusted by the book because it departs so aberrantly from what they know to be reality. Walter B. Cannon's "The Way of An Investigator," wherein a great scientist depicts himself, is much more truly in focus. Thus propa-

ganda has much to do with the popular picture of the self-sacrificing scientist always working so nobly for humanity, without thought of prestige or more tangible reward, and every now and then making miraculous discoveries as if by magic.

Discoveries Are Often Fortuitous

ACTUALLY SCIENTIFIC DISCOVERIES are often made more or less fortuitously, but always within the frame of reference established by the methods, instruments, and equipment at that time available. Great chemists no longer make notable discoveries in the kitchen using their wives' cooking utensils and a little homemade apparatus. But discoveries are now as always made because some accidental deviation from the usual procedure occurs, using the methods, instruments, and refined equipment currently available in laboratories.

Every scientist, no matter how low in the ranks, is at some time in his life alert to discover something. He pounces almost instinctively upon every deviation from the normal procedure and tries to wring from it some answer to a secret of nature. At times he lacks the knowledge, the time, the equipment, or the industry to pursue his discovery to its ultimate conclusion. If a biochemist, rather unlearned in organic chemistry, by chance makes a discovery in the field of the latter, he will simply turn it over to an organic chemist to develop, and go on his way.

Marie Sklodowska was no exception. Her husband, Pierre Curie, was already an established scientist and had done worth-while work on the magnetic properties and crystal structure of certain ores. Henri Becquerel had already made the fundamental and accidental discovery that uranium had radioactive properties, and could affect photographic plates even after passage through sheets of metal. Madam Curie was looking around for a subject that would do for her doc-

tor's thesis, just as thousands of students have done since; she came across this announcement by Becquerel and gained permission to follow it up.

Why Becquerel did not himself care to follow it up is not clear, but may be surmised. It would involve an immense amount of hard, tedious labor, and he was already established in other lines of work. Madame Curie made the obvious guess that perhaps some other substance than uranium shed the mysterious rays and that this new substance might be discovered. Through her husband it proved easy for her to secure samples of a wide variety of minerals. These were tested in hundreds and some indeed showed more radioactive power than others, pitchblende finally being selected as the most active. This was logical, as Bohemian pitchblende had long been a rich source of uranium.

The next step was to secure large quantities of pitchblende residue from which the uranium compounds had been exhausted. This was done with the aid of French and Austrian scientists, and Madam Curie faced the final appalling task of working up huge quantities of the ore, by a process of fractionation while using inadequate apparatus in an inconvenient and frigid shed, in order to concentrate the ray-producing substance. This her very obstinacy, her tireless industry, her peasant patience, enabled her to accomplish, and the inevitable discovery of radium resulted.

The rest is history. It was exceedingly unfortunate that the Curies were so constituted as to scorn all the honors and possibilities of controlling their discovery that were later presented to them. Had they patented their process, they could not only have had funds to press their *r  searches* along much rapidly, but they could have exercised social control over their discoveries. Their antisocial attitude doomed them to poverty, impeded their *researches*, and prevented Madam

Curie from keeping her discovery out of the hands of financial sharpers and medical quacks.

Thus because Madame Curie was almost entirely lacking in social consciousness, her discovery was deprived of many of its benefits to humanity. While she could not "afford" to possess much radium, due to her quaint ethics, those who wished to propagandize and exploit the substance ignorantly and heedlessly could procure it. It was many years indeed before a radium institute could be established in her native Warsaw, or before she received a gram of radium as a gift from the United States, whereas she might easily have financed such matters in her active years, had she been so minded. Yet the life of Madame Curie by her daughter portrays a synthetic automaton which corresponds almost perfectly with the popular view of the scientific genius—so effective is propaganda.

Propaganda at the Core

WE TEND EASILY TO FORGET, of course, that science is propaganda at the core. Its entire structure depends on the necessity for assuming the truth of postulates which cannot be proved. But it differs from other systems of belief, such as magic and religion, in adopting its basic assumptions consciously as working postulates, and in knowing that they are not full portrayals of *real* reality. Thus science proceeds to evolve useful principles by the logical process of hypothetic inference. It pursues a method that is little more than an elaboration and refinement of the method of common sense, but scientists must believe in the utility of this method to make it succeed.

From the angle of common sense, everyone believes the basic postulates of his trade, profession, hobby, or sport. If stamp collectors could not believe in the almost esoteric rules and assumptions of philately, the entire structure of their

hobby would collapse at once. Fundamental assumptions are necessary for cooking and horseshoe pitching as for preaching and philosophizing. But once a position is held so tenaciously that the individual is emotionally conditioned to its acceptance by himself and others as the be-all and end-all, science steps out. Yet, because science is based on postulates merely assumed proved, the temptation to propagandize is ever present.

At its best, science consciously accepts particular postulates to be used for specific purposes in order to accomplish certain work; this is done without claim for universality or absolute truth. For no scientific law has ever yet been proved to be absolute, since all the infinite cases of its application cannot be tried in a finite world, and one failure in some untried case would invalidate its absolutism. Science simply uses working hypotheses, and their sole guarantee of scientific truth is the excellence with which they work.

Philosophy has been called a method of adducing bad reasons for what you believe anyway. Another definition runs that philosophy is the systematic misuse of a terminology especially invented for the purpose. Yet another holds it is a system of evolving answers to questions that should never have been asked in the first place. A scientist who does not know that he necessarily deals in propaganda to get his work done is quite likely to regard philosophy as wholly propaganda, and beneath contempt. And it is true that physics does designate as meaningless many problems about which philosophers have disputed for ages, as for instance the existence of an external world.

The scientist says he doesn't care whether there is an external world or not; it appears as if there were one, and he gets results by assuming its existence. He is interested in experimental data and the descriptive features of his theories.

He wants to classify and describe quantitatively the sensations produced by what seems to be an external world. And, in doing this, he so formulates the rules of his game that any question he cannot answer automatically becomes meaningless! Hence he can even find apparent contradictions useful.

Take the length of an object. The physicist says this depends upon the different velocities assumed by the object and its observers. It has different lengths for different observers if they are moving relative to it with different velocities. Hence there is no true length of any object, and one careful measurement, made in full accordance with the overall rules of the game called physics, is as good as another. The length assumed correct depends on convenience. The scientific theory is used to state the connection between the different observations, not to tell *true* stories about *real* reality.

How Science Operates

THAT IS HOW the physicist operates. In a broad way that is how science operates. Thus scientists get into a very different world from laymen, yet they must believe in that world, if they have to propagandize themselves and others to do so, and they do seem to have to do that. The belief that underlies the scientist's conception of the universe is really naive when closely examined. Without getting into any philosophic arguments about the matter, he acts *as if* there were a real world, *as if* its nature could be discovered, and *as if* he intended to make that discovery.

These postulates and assumptions are necessary. Without them science could get nowhere. But it cannot actually prove its simplest basic proposition. Hence science is propaganda at its philosophic core, and the scientist should always be careful to distinguish conscious from unconscious propagandizing. The former is operationally necessary. He can-

not get along without it. The latter is reprehensible and destroys both the spirit of scientific inquiry and the validity of scientific method.

Propaganda affects science in every phase from laboratory to practice. Research is now a regular profession. Scientific publication is often a source of profit to publishers and, as things are at present constituted, every research worker must produce his paper every so often. In one typical prewar year (1937) there were presented at the annual meeting of the American Association for the Advancement of Science 1,681 papers, as compared with 213 in 1890, and a mere 107 in 1871. The Association met in 15 sections, with 47 affiliated and associated societies, in 225 separate sessions held in 48 rooms and 3 laboratories, while 900 of the papers required stereopticons. The bare index of the 1,968 speakers on the program filled 20 double-column pages of the General Program, itself a book of 273 pages.

Thus organized science has become a tremendous propaganda factory. Under ideal conditions, of course, propaganda would not exist within the precincts of scientific research. But, because scientists are human beings with livings to make, it does exist there. From start to finish every research project and every scientific worker thereon is under constant stress of factors which unduly influence the emotions at the expense of the intellect. Many scientists resist these influences very effectively and preserve a considerable degree of detachment and objectivity, but all yield at times, if to nothing more than their own prejudices.

Of course organized opposition to research must at times be fought off. Thus biological and medical research workers must often combat the propaganda of such cults as that of antivivisection, if for no other reason, out of humane consideration for the lower animals which benefit greatly from discoveries made by work on their own kind. Sometimes

religious or political opposition occurs, the latter tending especially to impede research in the biological and social sciences. Propaganda must be met by counterpropaganda, and scientists are sometimes compelled unwillingly to rise in defense of their work when they would much rather be in their laboratories. This occurred especially among those melancholy scientists who moodily produced the atom bomb. Under totalitarian government the free spirit of research is ruthlessly suppressed. This has led in the past to the formation of scientific groups in the democracies dedicated to the task of aiding their brethren who escape from the dictatorship and of preserving the free spirit of inquiry in their own lands.

Selection of a Problem

BUT THERE IS ANOTHER KIND of propaganda within science itself. The first matter to be settled in connection with any research project concerns the selection of the problem itself, of the institution that is to undertake it, and of the specialists to whom it shall be assigned, not to mention the approach to be made. A problem may be selected for a variety of reasons: because it is important and seems to demand solution; because it appears to offer easy solution and a rapid stream of publications; because the particular institution, or the individuals therein, are especially qualified and equipped to attack it; because financial sponsors can be made easily to understand its value or perhaps are themselves interested in it; because it is a fad at the time and many fashionable institutions are attacking it; because it suddenly sprang out of work with another object in view and assumed outstanding importance . . . and so on.

Contrary to the usual propaganda view, outstanding discoveries are accidental only within the frame of certain surroundings, equipment, methods, and knowledge. Rarely do they stand forth full-fledged at once. Usually they are made

very gradually and by the work of many scientists, the living always building upon foundations left by the dead. Once the discovery is made, there is necessity, as we shall see a little later, for any amount of unimaginative plodding by hewers of wood and drawers of water and of "pump-handle" research by hangers-on and those who slavishly follow research fashions.

As a matter of fact it is almost impossible to tell who did discover what, and when, and where. We are all alike victimized by propaganda in this connection. Most Americans think that Thomas Edison invented the so-called "squirted" filament which stimulated the general use of electric lamps, but the British say it was their Sir Joseph Swan. To an Englishman and an American Joseph Priestley discovered oxygen, but a Frenchman would attribute this discovery to Antoine Laurent Lavoisier and a Swede to Karl Wilhelm Scheele.

While Dr. Edward Jenner is normally credited with the discovery of vaccination against smallpox, he was not born until 1749, and similar inoculations were being used in Constantinople in 1713 and in London as early as 1722. There are in the literature papers which demonstrate that the use of liver for the treatment of anemia and of insulin for the treatment of diabetes occurred before "discoveries" by the individuals usually credited with being first. Since most discoveries occur gradually and are initially incomplete, it is very easy for propaganda to do about as it wishes in attributing credit.

Moreover, as the author has found by repeated experience, the endeavor to unearth the real "facts" while those most concerned are still alive results in confusion. One investigator has a very strong tendency either directly or subtly to belittle or disparage the accomplishments of another, even to say that he stole part of the credit he took, or that his students

and associates really did the work. On the other hand each investigator is inclined to take more credit that should honestly be assigned to him.

This is natural, because the outstanding men who make the basic findings are usually leaders of research teams. Their names go on the papers published, as senior author. It is very largely they who decide what names go on, or how the paper shall be written. In any case the paper is usually so constructed as to put the best face on the procedure and findings possible, and there is frequent strong indoctrination with propaganda and even special pleading.

The Sanctioned Myth

HOWEVER, AFTER THE MAIN ACTORS in the drama are dead, an accepted fiction gradually arises which assigns final credit. While facts often exist to correct that fiction, and while energetic research will usually discredit it in part and sometimes as a whole, it is rarely shattered if it has acquired sufficient age to be widely embalmed in the sacred texts. It becomes the sanctioned myth and those who question it are looked askance. Propaganda has done the job and it is all but impossible to undo it.

Nor is personal prejudice absent from the laboratory, as Trigant Burrow remarked in his "Social Basis of Consciousness." All scientists tend to formulate beliefs in terms of their individual needs, desires, and theories. Thus behaviorists made exclusive study of certain motor expressions and have contempt for other psychologists. There are vested rights in scientific opinions and hypotheses, hence the appearance of self-interest and propagandizing within science itself. Proofs of validity are offered. Arguments ensue. Efforts are made to establish priority or to vindicate a theory. "Rightness," even in science involves self-vindication, and soon makes wishes father thoughts.

Fashions rage. Various investigators make the startling discovery that exposure of certain substances to ultraviolet rays will impart thereto vitamin D properties. An epidemic of ultraviolet irradiation research spreads like wildfire throughout science. It enters every field and the propaganda is on every tongue, in every savant journal. Entomologists spray queen bees with the rays and then sell the irradiated queens as being more prolific than normal, and productive of less irritable, sweeter-tempered progeny! This false propaganda is exposed by careful investigation of other entomologists and a brilliant advertising campaign declines.

In *Science* for October 23, 1931, Hans Zinser truly said:

But in the matter of research there is still much that awaits adjustment. . . . We have developed the habit of judging men for positions by the perusal of the titles of their publications, and a list three pages long is more formidable than one of a few lines. There is also a peculiarly sensational and sentimental appeal in medical discovery, and we are living in an age in which cheap performance, skilfully vulgarized, may have an enormous advertising value. And institution rivalry, bidding for support, has had a tendency to foster the submission of results to public and inexperienced applause before they have been passed upon in the rigid forum of technical criticism.

There has been in consequence, a hot-house forcing of medical investigation which, together with some very brilliant and useful growth, has nourished the weeds of much second-rate material. There has also developed a curious halo about research which has exalted it above other and, in the absence of talent, more useful and less expensive methods of occupying time.

These tendencies have been further intensified by the strange circumstance—peculiar to our present development—that, for the time being, available funds have often outstripped our abilities to use them wisely. In the fields of cancer and tuberculosis particularly, high-minded philanthropists have hoped that money could engender ideas, instead of being merely the fertilizer which can aid the sprouting of the living seed of thought. For this reason, today, much work is undertaken merely to justify expenditure; and, in well-equipped laboratories, many a man and woman is patiently sitting on a lifeless idea, like a hen on a boiled egg, or

is spending time and money transporting into complicated notations old tunes that have been adequately played in C major.

Undoubtedly a certain amount of such gnawing at dry bones is inevitable, since pedantry—not strong enough to shove a spade into the rich soil of new fields—has ever been attracted to the dustbin. And also there must be trial and error in regions of thought in which the unknown is so vast compared with the narrow paths of the known. And the most intelligent endeavors may lead into blind roads from which retreat is the only return to the highway.

'Pot-Boiling' Research

WRITING ON "TYPES OF RESEARCH," in his "The Scientist In Action," the British physicist, W. H. George, mentioned what may be regarded as scientific propaganda and what he calls "pump-handle," "saftey-first," or "pot-boiling" research. A major discovery, such as the one that adding certain nutrients to supposedly complete basal diets will keep rats from developing certain deficiency conditions, or that thyroid gland secretions affect the size and composition of rat bones, stimulates any amount of such research.

A thousand different ways of trying out this basic discovery with due allowance for age, sex, and other factors, will occur to any fairly well-trained scientific worker. Let a new physical constant be discovered and there remain over ninety chemical elements and a quarter of a million chemical compounds to be measured. "Given the requisite technical skill, the greater the industry in this kind of research the more the established results (facts) just as, under normal conditions, the water flows so long as the pump handle is worked. There are no risks of getting results difficult to interpret, or difficult to present in a scientific journal, for which reason a scientist who publishes much of this kind of research is called a 'paper merchant' or a 'paper machine.'" Of this, penicillin, the sulphha drugs, streptomycin, radar and DDT all offer recent examples.

Falls Church, Va.

Land Speculation and the Taxing Power

By J. RUPERT MASON

IN THE DRAFTING of our Federal Constitution, perhaps the most difficult single question was whether the sovereign states should delegate any power to the national government to tax land. In the debates, especially the *Federalist Essays*, this question caused more discussion than any other: Which government would retain the sovereign power to tax land, after the adoption of the Federal Constitution? But, even the leading "federalist" finally conceded that the sovereign power of the states would remain "independent and uncontrollable" in the "most absolute and unqualified sense."¹

The United States Supreme Court affirmed, time and again, beginning with *McCulloch v. Maryland Bank* (4 Wheat. 316), that this power of the states was not abridged by anything in the Federal Constitution. The framers of the U. S. Constitution very carefully restricted the authority delegated to Congress to lay direct taxes on land, by the so-called "regulation of apportionment," as interpreted and applied by the Supreme Court in the famous *Pollock* cases.²

Thus, the dual sovereignty principle, insisted upon by Thomas Jefferson as a protection against centralization of power, which he knew had made Caesars and Bonapartes possible in other lands, was safeguarded and each state retained its sovereign and inexhaustive power to tax and control the private tenure of all land within its domain after the adoption of the national Constitution, except as the Constitution of that state might limit or restrict the execution of that power by the legislature of the state.

This principle was steadfastly respected by Congress until the federal income tax law was proposed in 1909. The first

¹ *The Federalist*, Essays Nos. 12, 30-6, 80-1.

² *Pollock opinions*, 157 US 429, 158 US 601 (U. S. Supreme Court).

income tax law was ruled unconstitutional. This court ruling was made because of the source of some of the income which was to be taxed. For 118 years the federal government had abided by the judgment of the constitutional fathers that, except by the rule of apportionment, Congress could not levy a tax upon land directly; hence, any federal tax imposed on income derived from the land, as ground rent, was construed as repugnant to the Constitution. But soon after this ruling the proponents of the income tax made a plea for and got an amendment to the national Constitution. This was the Sixteenth Amendment. It provides that "Congress shall have power to lay and collect taxes on income, from whatsoever sources derived. . . ."

Although the Sixteenth Amendment validated the taxation of rent under the income tax, a landholder, corporate or individual, can still withhold from use potentially valuable land in any amount and of any description—urban, agricultural, mineral or timber land—and so escape the payment of any federal tax. Not until land is used by the title owner, or by others, to yield an income is the landholder now required to pay a federal tax on the land holding. The individual or corporation wishing merely to hold land for speculative purposes, awaiting the time when it may be rented, leased or sold at higher levels of return to those who would use it for productive purposes, is completely exempt from the burden of any federal tax. And such speculators in lands are at liberty to demand as high ground rents³ as any user of the land can be made to pay. In a period such as the present, when the demand is far greater than the supply at prices that will yield a return to labor and capital, the landholder exercises supreme control over every productive enterprise, including housing for veterans and industrial expansion of all kinds.

³ Rent and selling price of land titles are used here as but two aspects of the same thing; selling price is the capitalization of rent.

Moreover, under the federal income tax law, these land title owners are permitted to deduct from the top bracket of their income tax returns any and all taxes levied on the land by state, county or other local governments. Because of this privilege, large landholders and corporations are able to get as much as 90 per cent of their state and local direct taxes on land paid by the federal treasury. As a result of this wind-fall provision, large holders of land are not under pressure to develop, improve or use in any way the land they control. Unused land is now taxed only the minimum by the states while its speculative value increases. If used, it would be more heavily taxed by the states and any income that was produced would be fully taxable under the federal laws.

However, favorable as are the federal regulations regarding the exemption of land from taxation, the speculators had their difficulties with state and local taxation during the Thirties. With soaring land values in both farm and urban areas after World War I, new subdivisions sprang up all over the country, and particularly in California and Florida, the nurseries of such schemes. With the influx of new population, cities floated bond issues rather than levy the taxes in a single year to finance the cost of water supply, roads, sewers and schools, which added to the municipal debt structure. Meanwhile, prices being paid for land titles all over the country were far in excess of true value, and banks were holding heavy mortgages. Likewise, the cities and counties held first liens against vast amounts of land for delinquent real estate taxes. When the mortgage situation became critical, a campaign was started to have Congress enact laws to free the holders of mortgages from having to pay the delinquent taxes due the states. This federal legislation was urged chiefly to prevent the state or local government from recovering the tax-defaulted land or other property free and clear of mort-

gages or other private liens or claims. Under applicable laws the states could have become the beneficent holder of millions of acres of land, which could then have been sold, leased, or otherwise administered by it. This public recovery is actually what did happen after 1929 in many states when land speculators defaulted on their tax payments.

In most of the forty-eight states, the legislatures after 1930 allowed more time for the payment of defaulted real estate taxes. This, of course, increased the local property tax rate and thereby the burden of those taxpayers who were able to pay their local property taxes when due.

These facts were brought to light with the passage by Congress of the Municipal Bankruptcy Act in 1934.⁴ In the Ashton case⁵ the United States Supreme Court ruled that the bankruptcy power of Congress does not extend to the fiscal affairs of a state or its political subdivisions, and further, that state consent or submission could not serve to enlarge the powers belonging to the Congress. Powerful pressure groups soon determined to have some new judges appointed to the Supreme Court. At the same time, these lobbyists and interested parties exerted every effort to have another municipal bankruptcy law enacted, replacing the one that had been declared unconstitutional. In both endeavors they were successful. Not only were several new judges appointed to the high court bench but another Municipal Bankruptcy Act was passed.⁶ When the federal district court ruled that the amended act was unconstitutional because it sought to accomplish the same thing that the original Chapter IX had attempted, an appeal was taken to the Supreme Court. Here the judgment of the lower court was reversed and the amended act was held "not unconstitutional."⁷

⁴ 11 USCA 301-4, or Chapter IX.

⁵ 298 US 513.

⁶ 11 USCA 401-3, or the amended Chapter IX.

⁷ *U. S. v. Bekins*, 304 US 27.

Thus, the present status of the constitutional power to tax privately-held land seems to be that although Congress cannot *tax* such land except under restrictions, it does have the power to *untax* it. Moreover, according to the most recent ruling of the Supreme Court, Congress may validly authorize the courts to interfere with the exercise by the states of their power to tax land. This practice is clearly in opposition to the best opinion held by our constitutional fathers, who strongly urged that the taxing power of the states remain "independent and uncontrollable."

It was well recognized by Thomas Jefferson and the others who assisted in founding this republic that every government can derive its necessary revenue from two sources only: (1) from those who hold land; or (2) from those who produce wealth and increase the amount of products all of us desire and need. This fundamental of taxation was well understood in England and in France, also, at the end of the eighteenth century. The principle we long applied in this country was to levy direct taxes on those who held the land, in proportion to benefits received. But latterly a basically different canon of taxation has taken its place: ability to pay. And so we find that those who produce wealth are not permitted to enjoy the full fruits of their efforts, but are penalized by taxation of earned incomes for supplying the things needed by all.

The attitude of Jefferson toward the land question is summed up in the following:

The Earth is given a common stock for men to labor and live on. If, for the encouragement of industry we allow it to be appropriated, we must take care that other employment be provided for those excluded from the appropriation. If we do not, the fundamental right to the earth which is denied, returns to the unemployed.

Jefferson was clear in his mind about the equal right of every individual to use the earth "to labor and live on," and it is

this philosophy that is so clearly expressed in the Declaration of Independence. The greatest thinkers of all ages and countries have warned of the importance of recognizing man's equal right to the use of land and the dangers resulting from monopolization of the original source of all wealth. In this country Thomas Paine, Jefferson's contemporary, and several others have penned very strong words on this subject. Paine's position, set out in his "Agrarian Justice," is worth re-reading in its entirety today. Lincoln's statement of the issue is not so well known:

The land, the Earth that God gave to man for his home, sustenance and support, should never be the possession of any man, corporation, society, or unfriendly government, any more than air or water, if as much. An individual or company, or enterprise requiring land should hold no more than is required for their home and sustenance, and never more than they have in actual use in the prudent management of their legitimate business, and this much should not be permitted when it creates an exclusive monopoly. All that is not so used should be held for the free use of every family to make homesteads, and to hold them as long as they are so occupied.⁸

Those who are landless and whose industry produces wealth are bearing more and more of the total costs of federal, state and local government because those who speculatively hold land out of use are exempt from federal taxes and because tax-evading land holders are also able to escape state tax liens under laws recently enacted by Congress. The federal revenue is derived today mainly from taxes on all wealth produced, and from the innumerable other hidden and indirect taxes levied against consumers. Here is the leech that is enabling special privilege to thrive, but is sapping the vitality of labor and management, decreasing consumer purchasing power and increasing the cost of living.

⁸ Quoted from R. H. Browne, "Abraham Lincoln, the Man of His Time," Chicago, Blakely Oswald Publishing Co., Vol. II, p. 89.

Social Science and World Order

By ALVIN JOHNSON

CONSIDER THE WORLD as it stands today. It is not a quieting world. A great war has been won; but the end of war has not meant the establishment of peace on a basis that fills any of us with confidence. In whatever direction we look, to Asia or Africa or old Europe, or even toward the heart of our American life, we encounter grave problems.

If security and ease of mind are the essential items in the heart's desire, I can offer only commiseration. There will be little security in the next two decades. The winds of history will blow from every quarter, often as devastating hurricanes. But one who looks upon the present in the light of history may be confident that out of the existing chaos a new cosmos is forming, a cosmos in which man will enjoy a richer life than ever before.

A world cosmos is now within the scope of practical possibilities. But this new cosmos will not come of itself, but by the tireless and unremitting efforts of men and women of intelligence and good will. The task is too gigantic for the powers of any single leader, superstatesman though he might be. It demands the loyal co-operation of all of us. And it demands particularly the faithful service of those who have enjoyed the privilege of training in the social sciences.

There was a time, in the not remote past, when a wide gulf yawned between science and practical affairs. The hard-headed business man was willing to maintain the scientist, but as a luxury among other luxuries that wealth could afford. The physical sciences did on occasion produce ideas that might ripen into profitable inventions. The social sciences were not

as a rule meshed with any useful inventive process. At best, they helped people to understand the economic and social process that proceeded by its own inherent power.

All that has changed. Science today is in the saddle. We look to science and its Cinderella sister, technology, to win our wars and establish the basis of our welfare. We look to the social sciences to help us resolve the conflicts among men, international and domestic. We have learned by bitter experience that these conflicts do not settle themselves. They can be adjusted only by human will and human intelligence.

All around the world we see social scientists drawn into the public services. The Army needed economists, sociologists, psychologists, anthropologists, men and women trained in finance, in social administration. The Armies of Occupation, in Europe and the Far East, need them still more. Social scientists are needed by national and state governments in our increasingly complicated economic system.

For those of us who wish to retire from active life the world we see ahead of us may be far from reassuring. We cannot foresee the early establishment of a fixed order, good or bad, in which man may live in serenity. But for those who are entering upon the active life of science, the world of the future is one of unlimited opportunity. They are drafted, each to do his part in bringing order out of chaos, in building a world in which men shall be more free than ever they were before, in which peace shall prevail, in which nation shall collaborate loyally with nation to create the superb edifice of a genuine world civilization.

*New School for Social Research,
New York*

· R E V I E W S ·

The Revelations of *The Times*

The History of The Times, vol. III, The Twentieth Century Test, 1884-1912. London: Written, Printed and Published at the Office of *The Times*, 1947, xvi + 862 pp., index, 21s.

Economists and sociologists who are now investigating the causes of our present woe might spare time to review the history of foreign affairs as practiced for the past two generations. The task for them is made much easier by the publication of the third volume of "The History of *The Times*." The period with which it deals covers the years from 1884 to 1912, and it is not difficult to trace in this extraordinary work the crises which led to the first World War and also to that which started in 1939 and is not yet at an end.

If our professional historians have been in doubt about the importance of a date line for the beginning of their chronicles, a perusal of "The History of *The Times*" will soon convince them that these wars have had a deep hinterland and that it is somewhat shortsighted for recorders to imagine a conflict begins with the declaration of war and that the issue is not joined until the guns start firing. In this masterly historical account it is shown clearly that long before the soldiers come upon the scene a battle is waged by politicians, editors, foreign correspondents, and the adherents of the various schools of thought influenced by these people.

This work should also interest those who have given much time and thought to such questions as the freedom of the press and the necessity of supplying what is called "the news" to the millions of readers who have no other means of learning what "the crisis" is all about. The third volume will serve to enlighten all and sundry who have been engaged in the controversies concerning the power of the press to disseminate false reports, thereby causing bitter animosities among the people of different nations. Indeed, this illuminating production is the severest indictment of the misdeeds of the press that has ever been published. Kennedy Jones, Lord Northcliffe's right-hand man, and W. T. Stead, the famous editor of *The Review of Reviews*, never placed before their readers such startling instances of journalistic stupidities as are to be found here. The unblushing candor of the historian makes the reader wonder if he is conscious of the consequences of the amazing confessions he sets down.

Years ago, those who were not satisfied with the denials of statesmen and editors concerning their misdeeds contented themselves with the phrase, "The truth will out—some day." Some day is here, and the truth is most unpalatable.

The "Parnell Letters"

THE FIRST SCANDAL that is dealt with is that of the forged "Parnell Letters." The story of how these documents were obtained by *The Times* beats all the modern detective stories that we have read. There are few alive today who remember the details of this extraordinary case. It may be doubted if a man lives who remembers the story of this scandalous affair. There may be men in the land of the living who faintly remember the Phoenix Park murders, when Lord Frederick Cavendish and Mr. Burke were assassinated. But they might not know that the letters for which *The Times* paid a large sum of money were bought for the purpose of showing that Parnell was privy to that commission of crime.

It seems unbelievable that such men as Buckle, the editor, and MacDonald, the manager of *The Times*, would pay £1,780 for these forgeries. As a celebrated case, it is unique. When it was brought to the courts, the judges on the bench as well as the counsel for *The Times* and for Parnell were among the most important members of the profession. Sir Richard Webster (afterwards Lord Alverstone and Chief Justice) and Sir Henry James appeared for the newspaper.

. . . Parnell was represented by the Queen's Counsel, who had been Attorney-General in Gladstone's Home Rule Government, Sir Charles Russell (afterwards Lord Russell of Killowen and Chief Justice), along with H. H. Asquith, a future Liberal Prime Minister; while R. T. Reid (afterwards Lord Loreburn and Lord Chancellor), Frank Lockwood (afterwards Solicitor-General) and others appeared for the sixty-two other members against whom evidence was to be given (p. 62).

The trial was an international sensation. Writers of mystery stories might very well study the report of this case and learn from the cross examination of Pigott, the forger, by Sir Charles Russell how the writing of one word by the witness was sufficient to condemn him.

The speeches delivered by counsel ran for days, and they were acknowledged to be as fine as any that had been heard in the law courts. On behalf of *The Times* Sir Henry James spoke for twelve days, and Russell's flights of oratory amazed everyone. But the greatest triumph in this respect was earned by Michael Davitt who, in his own defense, spoke for four days. *The Times* says it was a "brilliant tour de force." It made a

deep impression on the audience and there was applause in court at its conclusion—a most unusual proceeding. The historian tells us that the President himself complimented the orator:

Mr. Davitt, your expression of regret for a want of legal skill was not necessary. You have put your arguments with great force and ability, and we are obliged to you for having given us assistance which has been withheld from us by others.

Parnell was cleared. Pigott, the forger, hastened from the country, but he was traced to a hotel in Madrid, and there "he committed suicide by shooting himself with a revolver at the moment of arrest."

The Exploitation of Morocco

MEN WHO have recently been concerned with unofficial committees investigating the methods of the press will find several names of foreign correspondents and specimens of their work which will provide ample evidence to convince them that the so-called freedom of the press is only too often carried to the borders of license. These names are: de Blowitz, Chirol, Saunders, Steed, and others—all foreign correspondents of *The Times*, who, as patriotic imperialists, looked after the interests of Great Britain in foreign capitals. The record of their achievements is dealt with in the frankest manner, and the reader is left to draw his own conclusions as to how far they contributed to poisoning the atmosphere of European politics. This survey does not spare them in its pages.

George Earle Buckle, the editor, C. F. Moberly Bell, managing director, and Donald Mackenzie Wallace were in command of the departments in London. In reading the account of the prejudices and policies of these men, it is inconceivable at this time to imagine how they could have gone from blunder to blunder, as they did. In all probability similar methods were being practiced in all European capitals by men employed by the governments and their press, and one set strove to outdo the other, with the result that nothing but misunderstanding could ensue. These pieces of tinder rubbed each other the wrong way year after year, and undoubtedly the frictions that were caused charged the atmosphere with explosives that were sure to cause damage in the long run. Yet, through all these cross-currents of prejudice there runs the thread of a desire on the part of continental nations to come to terms with one another and, particularly on the part of Germany, to make an alliance with England. It is curious how the best intentions were thwarted; and, as they were, the animosities increased.

One of the sources of ill will which stands out above the rest was the exploitation of Morocco. But the facts presented in this case are not as frank as they should be. Still, one can read in the account part of the story of the baneful business of the concessionaire. And all this nefarious work was carried on in the interests of the taxpayers. They were the people to be informed of what was taking place abroad. It was necessary to give them the news every day so that public opinion might know how to judge affairs.

Now what is "public opinion"? And what can it make of the nationalistic and imperialistic "information" that is supplied from correspondents? Surely there is no such thing as public opinion in the sense that politicians and editors use the phrase. The public has no opinion of its own in these matters; what it gathers from the newspapers is the opinion of the editors and correspondents. There never was a public competent to form a judgment on such a question as the exploitation of Morocco. It may have the feeling that it should support the government in a war crisis or, on the other hand, think it is better to maintain peace. But what avenue is left open for it to express itself in such a way that the government will heed a protest?

There is no record of a protest at a time of international crisis having the slightest effect, and the reason for this is that diplomatic interchanges act together with armies and navies, and every hour counts, as it did at the beginning of the first World War. The protests that were made then came far too late. Indeed, the war was on thirty-six hours after most of the petitions for non-intervention had reached Downing Street.

The Jameson Raid

THE SECOND SCANDAL dealt with by the historian of *The Times* is that of the Jameson raid and the inquiry. In this there are revelations so shocking that it is difficult to understand how the recorder could muster the courage to expose them. I doubt whether there are more than half a dozen historians in this country who remember the name of Flora Shaw and her connection with this nefarious business. She was a journalist who became associated with the editorial department of *The Times*, with a special mission to write upon colonial affairs. Here again our detective story novelists might learn that truth is really stranger than fiction.

A series of telegrams passed between Flora Shaw, in London, and Rhodes and Company, in South Africa. A code was used for context and also the names of the parties. When the Director of Public Prosecu-

tions asked *The Times* to disclose the particulars of a certain letter to be used for the purpose of the forthcoming prosecution of Jameson, curiosity was aroused. Further, a series of telegrams was published in South Africa. The originals of these were put in as evidence by the Boer Government at the trial in Pretoria.

. . . A lucky find of the code key in the baggage of the captured raiders has enabled the Boers to decipher them. Their publication left no further doubt of Rhodes's knowledge of events leading up to the Raid . . . (p. 216).

When this was known, a great clamor arose, and at home there was a demand for a full inquiry. *The Times* came in for very severe criticism, but inferentially "disclaimed any complicity on its part." In a leading article it admitted, however, that

The correspondence establishes beyond the possibility of further doubt the fact that Mr. Rhodes and Mr. Beit, two Directors of the British South Africa Company, as well as Mr. Rutherford Harris, the secretary of the Company in South Africa, were privy to a movement which was taking place in Johannesburg and that the leaders of the movement counted upon their help and countenance to ensure success (pp. 217-18).

The Boer Government dealt very lightly with the conspirators of the Jameson raid. The leader of it was sentenced to fifteen months' imprisonment without hard labor. His fellow-conspirators received shorter terms. But there the matter was not ended, for the outcry in England was so great that Chamberlain himself moved for the appointment of a select committee of the House of Commons. This was amended by Sir William Harcourt to extend the scope of the inquiry into "the origin and circumstances of the incursion into the South African Republic by an armed force, and to report thereon." The committee was well chosen; W. L. Jackson (later Lord Allerton) was chairman. Then there were Harcourt and Chamberlain. Other members were chosen from both sides of the House. *The Times* says:

. . . A crowd of eminent representatives of the House of Commons, of the Bar and of Society awaited the entry of Rhodes. He came into the room accompanied by Beit and Phillips. A few minutes later the Prince of Wales arrived, and was soon joined by Lord Selborne and the Duke of Abercorn . . . (p. 220).

The chief object of the investigation was to learn the responsibility of Rhodes for the raid:

. . . It was known that he had not been in England during the previous six months, but it was believed in many quarters that during that time he

had been in secret communication with the Colonial Secretary [Chamberlain] . . . (p. 221).

The examination of the witnesses was something of a disappointment, for it was quickly recognized that certain persons were to be let down as lightly as possible. But when at length four messages from Harris to Rhodes and one from Rhodes to Harris were put in as evidence, the name of Flora was mentioned. After this exposé the lady could not be kept out of the proceedings, and her examination in the witness box was far more difficult for the members of the committee than for the exceedingly clever witness they confronted.

Dr. Harris, who had been closely associated with Rhodes, sent one of these incriminating telegrams to him saying:

. . . I have already sent Flora to convince J. Chamberlain support *Times* newspaper and if you can telegraph course you wish *Times* to adopt now with regard to Transvaal Flora will act (p. 227).

When examined about this message, she said that the first phrase was extremely inaccurate and that she would not have accepted any mission from Harris to go to Chamberlain. It was known, however, that she had been in the habit of visiting the Colonial Office every week "for the purpose of generally discussing any situation which is going on, or having any information which at the Colonial Office it is judged proper to give me."

Sir William Harcourt, who was selected to examine Miss Shaw, let her off so lightly that there were rumors at the time that the matter had been "squared." Later on, when she was recalled to explain other telegrams presented as evidence:

. . . She admitted that the cables now produced revealed notable deficiencies in her former evidence, though she did not agree that their contents as revealed gave more ground for suspicion than her original statements. But Labouchere proved his point that Miss Shaw had told Rhodes, in the words of telegram No. 106, that she had "special reason to believe" Chamberlain "wishes you must do it immediately" (p. 234).

Although the committee in its report "recorded an absolute and unqualified condemnation of the raid," the people generally were not satisfied that the investigation had been worth the trouble expended upon it. In the debate in the Commons which followed the publication of the report, many of the committee revealed a desire to whitewash the conspirators. It was rumored that there were persons connected with it who had to be shielded at all costs. Who were they? The name of a royal personage

did not escape criticism. If that were so, then it is understandable why the proceedings were reduced to something akin to high comedy.

Years afterwards, Stead published his book, "Joseph Chamberlain: Conspirator or Statesman? An Examination of the Evidence as to his Complicity in the Jameson Conspiracy, together with the newly published letters of the Hawksley Dossier."

In the appendix, *The Times* says:

Stead pays tribute to Flora Shaw's intelligence and competence, pointing out that she received her early training in journalism under his direction at the *Pall Mall Gazette* office (p. 64). He is convinced that Chamberlain was privy to the conspiracy and that Flora Shaw was an intermediary between the Colonial Secretary and Rhodes. He remarks: "She was also in charge of the Colonial Department of *The Times* newspaper, and was hand-and-glove with Mr. Moberly Bell, the manager-editor as he may be called, in distinction to Mr. Buckle, who was only editor-editor" (p. 65). Stead includes a collection of letters, first published on January 5, 1900, in the *Indépendance Belge* of Brussels, and supposed to be the "missing telegrams" that Hawksley refused to produce for the Select Committee . . . (p. 791).

There ended the matter of the official investigation concerning the conspirators of the Jameson raid. Within two years an empire of more than 300,000,000 people began a war of extermination against a Dutch Republic of about 150,000 people. The bitterest critics of these imperial episodes were not the Irish Americans, the Hollanders, the Germans, or the French; they were British officers who fought in that war.

Prologue to World War I

NOT THE LEAST INTERESTING sections of this astonishing record are those which deal with the European situation. It is surprising to learn that at the beginning of this century

. . . Neither Buckle nor Bell regarded the Germans as Britain's enemy, actual or potential. Bell had all his life preferred Germans to Frenchmen. Though he regarded both as races inferior to his own he rated the Teutonic virtues high above those of the Latin peoples . . . (p. 372).

However, within a few years Britishers discovered that Germany was becoming a severe commercial competitor and that the growth of her maritime carrying trade was making severe inroads on what had been a monopoly of British ships since high tariffs in America had destroyed her supremacy on the seas. An explosion took place in 1905 when Arthur Lee, Civil Lord of the Admiralty, "made a demand at a public meeting

that Germany should cease competitive building with Britain." This raised a storm of indignation. *The Times* tells us:

. . . The German Ambassador stated that when he dined with King Edward and sat next to the Prince of Wales, the Prince talked to him about the speech, which he described as a piece of clumsiness without evil intention. He relegated the idea of warlike intentions on the part of England against Germany to the realm of legend, and expressed himself quite vehemently against newspapers in general. The Prince was against *The Times* in particular . . . (p. 407).

The Prince of Wales told Metternich that the British Government was powerless to prevent the press campaigns.

At this time an entirely different area of trouble was discovered: "Morocco, as one of the last of the independent African countries remaining unorganized, was ripe for protection and exploitation." But Valentine Chirol, the famous *Times* correspondent, wrote:

. . . It would be a great pity if the British colony in Morocco were to adopt towards the French the same sort of pin-pricky attitude which the French in Egypt so long maintained towards our policy of "peaceful penetration" there (p. 420).

"Pin-pricky" is good; and as for the phrase "peaceful penetration," it became the laughing stock of the "Little Englanders." The bitter seeds sown during these years were to raise a big crop of disasters for the peoples of Europe. In 1906 Churchill, then a member of the Liberal party, was reported to have said:

. . . One adverse influence of which they should all beware was the patriotic Press on both sides of the North Sea. The Lord deliver the nations from their patriotic endeavours! When a patriotic and a fire-eating editor was engaged in showing how patriotic he could be for the a halfpenny or even for 3d., then he thought it was time for wise men to walk warily (p. 471 n.).

The reference of a halfpenny is to Harmsworth, and that of threepence to *The Times*.

When Colonel Repington became Military Correspondent of *The Times*, things began to hum. This was the gentleman who was responsible, with Colonel Huguot, Military Attaché to the French Embassy in London, for the continuance in 1906 of the military conversations between the French and British staffs. Matters became so serious that Admiral Fisher wrote to Lord Esher in the autumn of 1907 that he "really can't understand Mr. Buckle giving him [Repington] his head in this way in the columns of

The Times, but I suppose it 'catches on' and makes the flesh creep of the old women of both sexes" (p. 507).

We are told that Clemenceau considered English public men grossly ignorant of foreign affairs and that the French Prime Minister "believed that a European conflict was not only possible but probable."

Austria's seizure of Bosnia is treated fully by our historian, and he exposes the shortcomings of Aehrenthal, Austrian Foreign Minister, and Isvolsky, Russian Foreign Minister, in this Balkan transaction which led to so much turmoil. Chirol found "there was a disposition in Paris to listen to those whose interest it was to place an evil construction upon everything Britain had done, or left undone." At that time the Countess de Castellane informed Wickham Steed "that the French generals were working on the expectation of war in the spring of 1912." And Steed remarks that the French Ambassador at Vienna "had for three months been saying something to the same effect."

The revelations in this extraordinary history are dealt with mainly as those which were considered of interest by *The Times*. Though this is only a partial review of the terrible proceedings which culminated in the strife begun in August, 1914, there is quite enough information for the student to convince him that the whole system of foreign affairs was rotten to the core.

No college or university library should be without this third volume. It is absolutely necessary for a thorough understanding of what took place in the chancelleries and in the editorial departments in London and in European capitals between 1884 and 1912. It is a lesson that should be taught to every man in our State Department and, particularly, to all aspirants who seek a career in diplomacy.

Just to jog the memory of the historian we should quote a passage from an article in his paper, which appeared November 26, 1912:

Who, then, makes war? The answer is to be found in the Chancelleries of Europe, among the men who have too long played with human lives as pawns in a game of chess, who have become so enmeshed in formulas and the jargon of diplomacy that they have ceased to be conscious of the poignant realities with which they trifle. And thus will war continue to be made, until great masses who are the sport of professional schemers and dreamers say the word which will bring, not eternal peace, for that is impossible, but a determination that wars shall be fought only in a just and righteous and vital cause.

In the fourth volume of "The History of *The Times*" (which is expected to be completed within three years) it might be well for the

compiler to refer to the crisis which prompted the above trenchant statement.

However, it was Lord Welby, head of the British Treasury, who summed up the matter in the following words:

We are in the hands of an organization of crooks. They are politicians, generals, manufacturers of armaments, and journalists. All of them are anxious for unlimited expenditure, and go on inventing scares to terrify the public and to terrify Ministers of the Crown.

Are we not now placed in a similar position?

RICHARD CLAUGHTON

New York

A Key to Culture. By Francis Neilson. Appleton, Wis; C. C. Nelson Publishing Co., 1948, 62 pp., biblio., \$1.

At the request of many readers of his article, "Introductory Reading for the Great Books Course," published in this JOURNAL in October, 1947, Dr. Neilson has elaborated upon the subject in the present essay. The monograph, as it did in its shorter form, whets the appetite for more information on the essayist's lifelong studies in the classics. While the present work is intended, evidently, for students in the classes engaged in following the Great Books Course, it is equally valuable to any serious reader. The durable binding and convenient size make it a handy pocket companion.

Contributors

FRANCIS NEILSON, LITT.D., essayist and historian; former member, the British Parliament . . . GEORGE R. DAVIES, PH.D., professor of economics, University of Iowa . . . ELGIN WILLIAMS, PH.D., professor of economics, University of Washington . . . JOSEPH S. ROUCEK, PH.D., professor and chairman of the department of political science, University of Bridgeport . . . BRYN J. HOVDE, PH.D., president, New School for Social Research, New York . . . GLENN W. MILLER, PH.D., assistant professor of economics, Ohio State University . . . STANLEY H. CHAPMAN, PH.D., associate professor of sociology, Bucknell University . . . PAUL UCKER, PH.D., former research analyst, American Prosecution Staff, Nurnberg (Germany) . . . RAYMOND E. CRIST, D. Ès S., visiting professor, University of Maryland; chief department of economic geography, University of Puerto Rico . . . T. SWANN HARDING, B.S. CHEM., special writer, U. S. Department of Agriculture; editor, *USDA* . . . J. RUPERT MASON, investment banker, San Francisco . . . ALVIN JOHNSON, PH.D., president emeritus, New School for Social Research, New York . . . RICHARD CLAUGHTON, New York critic.

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